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EDITORIAL COMMENT

Chicago
Number

By devoting the leading articles of this issue to a single city, the editors of the REVIEW violate a precedent of long standing. The excuse for laying such profane hands upon the sacred ark of tradition is the thirty-fifth annual meeting of the National Municipal League in Chicago, November 12, 13 and 14.

In spite of their reputation and some unfortunate heritages as to local government organization, Chicago and Cook County have been making progress. In this number Mr. Brunker reports gratifying success in thwarting official crime and criminals. Messrs. Fairweather and Rees recount the successful fight for equitable assessments. The improvement made in this direction and the procedure employed in securing citizen interest and coöperation have not received the publicity they deserve. Juggling of assessments for political purposes may have been more common in Chicago than in most cities, but few are free from this abuse, and many will profit from a reading of the Chicago experience.

Mr. Jacobs concedes that certain improvements have been made in the administrative efficiency of Cook County, but more than four hundred units of local government remain. Mr. Griffenhagen reports progress in civil service in some jurisdictions; in others,

however, the merit principle has been prostituted for political ends.

Professor Douglas sketches the present status of Chicago's long struggle for transit consolidation. Although the city has been empowered to bring about a consolidation under an indeterminate franchise, no enabling ordinance has yet been presented to the voters. Sharp differences of opinion exist as to what the franchise should provide, and the day when the problem will be solved is in the "indeterminate" future.

If a perusal of the above-mentioned articles leaves you depressed or discouraged because of the formidable obstacles to improvement, turn to Mrs. Langworthy's article on Winnetka, the model village. Let your optimism be revived by an account of what an American municipality can accomplish when several thousand people determine to live together as neighbors.

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Court Invalidates
Indiana C. M. Law

In 1927 the voters of Indianapolis adopted the city manager plan.

In so doing they acted under the optional city-manager-commission-government law passed in 1921. The new system was to go into effect on January 1, 1930.

After years of struggle in the legislature, courts, and at the polls, Indianapolis appeared destined to have a new

deal in city government. However, three months before this new deal was to become effective, the state supreme court intervened by a decision declaring the optional government law of 1921 unconstitutional. The reasoning of the court was as follows: The law requires that signatures to petitions praying for an election on a change of government must be certified as sufficient by the city clerk. This means that the city clerk must determine individually whether each signer of the petition possesses the full legal qualifications of an elector. But in the time permitted by the statute it is a manifest physical impossibility for the clerk to pass upon the signatures of 20 per cent of the electorate (the minimum required by law) of a city the size of Indianapolis. The function to be exercised by the clerk is judicial in nature and cannot be delegated. Since section three of the act, which imposes this duty upon the clerk, commands a physical impossibility, the section is void, and because the remainder of the act is not possible of performance if section three is void the whole act falls.

In the judgment of the NATIONAL MUNICIPAL REVIEW, the two justices who dissented from the opinion of the majority expressed the true intent and purpose of the law. According to them, the duty to certify the signatures was a purely ministerial one which the city clerk would properly and naturally delegate to subordinates. No difficulty would, therefore, arise in observing the time limits of the act. Consequently the law was clearly possible of administration and should have been sustained.

The characterization of a city clerk's function to certify signatures as judicial will gain no prestige for the Indiana Supreme Court. The forces which moved the court to such a decision can only be guessed at, but they are serious

for Indianapolis and other Indiana cities which are considering the manager plan.

Professor A. R. Hatton declared before the League of Women Voters at Indianapolis that the decision has no parallel in the history of any supreme court of any state. "You not only need a new constitution in this state," he said, "you need a new supreme court." When he added, "If that be contempt, make the most of it," the audience cheered.

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Wisconsin Moves Towards Executive Concentration The long session of the Wisconsin legislature, recently brought to an end, adopted a number of measures which at this distance indicate a drift away from the state's historical hostility towards concentration of executive power. Wisconsin has been the home of the administrative commission, overlapping terms, and continuing appropriations. The pros and cons of the "Wisconsin idea," in so far as it relates to administrative organization, are too well known to our readers to require repetition here.

Governor Kohler is a forceful exponent of the opposite school. His business experience has persuaded him of the advantages of concentration of administrative control and responsibility. He favors centralized purchasing, the executive budget, and consolidated civil service administration. Under his leadership the Wisconsin legislature passed a centralized purchasing bill which, as Mr. Forbes points out in the Notes and Events department of this issue, goes further in consolidating the buying function for all state institutions, including the university and the highway commission, than most other states have gone. The director of purchases is the governor's appointee, and the first incumbent is F. X. Ritger,

formerly purchasing agent of the University of Wisconsin.

Henceforth the state executive will carry the entire responsibility of submitting the budget to the legislature. The legislature can amend the budget in any manner, but the governor's program as submitted will be a matter of record which he cannot escape.

In 1911 Wisconsin established a board of public affairs, composed of the governor, secretary of state, president *pro tem* of the senate, chairman of the senate finance committee, chairman of the assembly finance committee, and three others appointed by the governor and approved by the senate for two-year terms. To this board was delegated accounting control over the state government. The collection of budget estimates and the recommendation of a budget to the state legislature were in the hands of this board. The new legislation implies that the usefulness of the board of public affairs is past and that the times demand a responsible executive budget.

The third step towards centralization relates to the civil service. Practically all employees, with the exception of the education and research services and the elective officials and their deputies, are placed under civil service regulations. A director of personnel has been created, charged with the administration of the department. The commission is confined to quasi-legislative and quasi-judicial functions. By placing the administration under a single man Wisconsin aligns herself with the most progressive school of thought on personnel administration.

As the final indication of the present trend, it may be added that the 1929 legislature substituted three full-time administrators for five part-time commissioners and consolidated a variety of agricultural functions exercised by several commissions and boards into one

department managed by three full-time commissioners.

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Low Prestige
Value of
Governmental
Employment

What do the people
think of their mu-
nicipal employees?
Do they regard them

as alert, efficient, courteous; or as lazy, wasteful and inconsiderate?

In a little book just off the press,¹ Professor Leonard D. White undertakes to answer the question for Chicago. More than 5,000 persons of all classes and ranks were interviewed and their answers carefully tabulated and analyzed. The returns indicated that in Chicago municipal employees enjoy an unsavory reputation. Majority opinion rated them below corresponding employees in private business. Mathematically stated, the gross prestige index was -14.06.

Professor White properly assumes that the "morale (and hence in part the efficiency) of any group is affected by the group's conception of its social evaluation." This relationship between prestige and efficiency is the justification for the present study.

The method of the study was as follows. Two schedules of questions were prepared. The first consisted of forty questions relating to twenty paired occupations, one in public, the other in private employment, of corresponding salaries and duties. The person interviewed was asked to tell which occupation in each pair he held in the higher esteem. The second schedule was a word association test in which the unconscious responses to such words as policeman, city hall, alderman, health department and the like, were recorded. Four thousand six hundred and eighty persons answered the first schedule, and 690 persons responded to the latter.

¹The Prestige Value of Public Employment in Chicago. University of Chicago Press.

Only 18 per cent of all those interviewed believed that public employees exceed private workers in courtesy. Only 9 per cent thought that public employees work harder; only 11 per cent were willing to agree that public servants are more honest than private; 14 per cent considered them more competent. Sixty-five per cent declared that public occupations afforded greater opportunity to attract public attention. Thirty-four per cent believed that people generally think more highly of city hall employment than of jobs with private corporations. Note that more people expressed the opinion that public employment is held in high esteem generally than would admit to such a feeling themselves.

The prestige index varied as between different groups of society. Women as a whole were more respectful of municipal employment than men (although men regarded policemen and detectives more highly than women did). Young people displayed a higher prestige index than older persons. (Age appears to bring disillusionment.) The higher the degree of education the lower the respect for public employees. The foreign born and the unskilled workman rated public employment above private. In the words of Dr. White, "Employment by the city of Chicago apparently tends to command the respect of the immature, the uneducated, the foreign born and the laboring people." This fact doubtless will help explain the grip of the party leaders upon voters in the "river wards." There respect for officialdom, as well as fear and gratitude, operates to the advantage of the politician.

In spite of the general low opinion of public servants, two out of every three persons interviewed stated that their relations with public officials had always been satisfactory. If government is a dog with a bad name, its

reputation is due more to rumor than to personal experience. But the question may properly be asked whether Chicago at the moment is a fair sample of the nation. It would be interesting to know what a similar study would uncover in Cincinnati.

The gross prestige index -14.06 is arrived at after an elaborate statistical analysis. Dr. White terms it an experiment. Certainly it must have been lots of fun for those engaged in it. Yet its value as a revealer of truth or as a herald of a new technique may be questioned. May not too much be expected from statistics? As yet statistical studies of political psychology have not disclosed much that an intelligent party worker could not impart in an afternoon's conversation. Of what use is the knowledge that the "gross prestige index" is -14.06 ? Would Dr. White's conclusions, or his theories about government, have been altered if the index had been $+14.06$? We think not.

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As described by W. P. Lovett in the Notes and Events department of this issue, the effort to increase the size of the Detroit council and return to ward elections was defeated by the voters on October 8. Another proposed amendment would have substituted for the present director of the budget "a body of budgeteers" elected in the same manner as the council would have been chosen, with power to consider all budget estimates and to decide the total amount which the city might spend in a given year.

John C. Lodge, who was elected mayor two years ago without a personal campaign, ran third in the nomination primary on the same date. He was defeated by John W. Smith, his chief competitor in 1927, and by Charles Bowles. Mr. Lodge had the support of the Detroit Citizens' League.

THWARTING OFFICIAL CRIME AND CORRUPTION IN CHICAGO

BY ALBERT R. BRUNKER

Executive Chairman, Civic Safety Commission

The battle to drive crime and graft from the state's attorney's office.

ONE year ago a miracle came to pass. The most powerful partnership between politics and crime ever to set itself up in complete control of law-enforcement machinery in a community of such size as Chicago was smashed.

Smashed—but only after the good name of the nation's second city had been dragged down to the very depths during the eight years since 1920. The key to the shameful situation, from which an aroused citizenry sought to free their community, was, and is, the office of state's attorney, the all-powerful public prosecutor of a constituency composing four million souls.

Only after the business and professional men of a metropolis that had come to be known throughout the civilized world as "the Crime Capital" had aroused themselves, and then the public, did the deluge come. It swept away at the polls last year, in April and again in November, the most sinister combination of political criminals since "Boss" Tweed's time.

That is to say, it swept away to political oblivion the man who had extended immunity to the crime and vice syndicates, the bootleg barons, bombers, racketeers, and an army of grafters in public office, so long as they should stay chained to the wheel of his own huge political machine. Yet this tremendous job accomplished by Judge John A. Swanson's nomination and election as state's attorney in November, 1928, took only ten months' time.

It was wonder-working which never

could have been accomplished by any political machine nor by any political faction. The hard-headed, hard-boiled group of business and professional men who banded themselves together for the purpose of telling the truth to their fellow Chicagoans know better than to say today: "All is well once more with us all." To boast that Chicago has been "cleaned up" would be to confess that we all have returned to preoccupation with our own affairs.

The men who now make up the executive committee and the permanent membership of the Civic Safety Commission of Chicago are, for the most part, the same men who carried on the pre-primary campaign to "smash the partnership between politics and crime" under the name of the John A. Swanson Business Men's Organization. Our primary purpose was to restore good government in Chicago and Cook County by arousing an unorganized and uninformed—but overwhelming—majority of good citizens to the single purpose of electing an honest man state's attorney of Cook County.

Our present purpose is to continue as a non-political, non-sectarian, non-racial body—a "keep the powder dry" organization—whose only aim is to thwart official corruption and organized crime in Chicago.

How? By holding up the hands of the honest public prosecutor and standing solidly behind him in the redemption of his platform pledges.

Today the city government of Chi-

cago, in practically all of its administrative departments, is shadowed by the grand jury. In the shadow are high police officials—half a dozen of them already under indictment, and the “men higher up” are seeing to it that the sweep-net of a new and presumably honest public prosecutor does not drag them in for fresh derelictions of duty.

Even today the red thread of murder still runs through the daily news and the “pineapple” remains “front-page stuff” in all Chicago papers. The police continue to protest their helplessness to thwart the throwers of bombs, or to arrest them afterward. Chicago has only started, this year, to come back to civic safety.

In the clean-up of a city like Chicago there are two phases in the fight. One phase is punitive in character—it involves the indictment, prosecution, and punishment of any public official found guilty of malfeasance or betrayal of trust by bribery or boodling of public funds. The other is the preventive phase of the state’s attorney’s function. By direct warning to all public officials, by the big stick of grand jury inquiry, and by the more powerful weapon of exposure through the newspapers, the state’s attorney can thwart organized crime and official corruption more effectively than any other agent in America can.

THE PRIMARY OF APRIL 10, 1928

Prior to the April 10 primary, at which the eight-year reign of Robert E. Crowe as public prosecutor and uncrowned king of Cook County politics was ended, the people of Chicago appeared “shock proof.” To free Chicago, Cook County, and all their governmental agencies from the grip of grafters allied with gangsters and thugs appeared at the outset almost impossible. Allied with them were the state

payrollers in Chicago controlled by the then governor of Illinois, whose two terms at Springfield duplicated in every disgraceful detail those of his Cook County ally, Crowe. Against all these was the Republican minority group headed by Senator Deneen—that little “band of hope” from whom all hope fled early in the campaign, when the strongest vote-getter and most popular public official on the Deneen primary ticket, County Recorder Haas, died.

We started by holding daily luncheons at the Union League Club, to which we invited thirty or forty persons without telling them the purpose of the meeting. My own attendance at the first of these gatherings had been more or less accidental but I listened in amazement to the appalling word-picture of a town turned over to criminals. Business men like myself had, in the past, been too busy and too bored with politics to pay any attention to the civic situation—a situation that now threatened the very commercial life and community safety of our city.

At each of these meetings Harry Eugene Kelly, prominent lawyer, former president of the Union League Club, and United States district attorney at Denver for several years under the Taft administration, addressed the lunchers. In a very short time the machinery to bring out a big vote for Judge John A. Swanson and thereby beat the bipartisan steam roller was set up.

At the end of each luncheon Judge Swanson was brought in to show the small group assembled that day what a fine, courageous candidate we were fighting for. An appeal for funds followed, and the combination of Kelly’s startling summation of the shameful state of affairs and the unmistakable character of Judge Swanson never failed to bring generous contributions.

CAMPAIGN TACTICS

We began by asking the "boss" of the Crowe-Eller-Thompson combine a lot of burning questions. In the course of the campaign we must have asked forty or fifty questions, each based on his record in office, and carrying the challenge to answer and deny statements of fact and inference which, if true, were tantamount to criminal acts of omission and commission. We insisted that ignoring our questions or failing to answer them constituted a plea of guilty in the eyes of the public, and we made the situation spectacular by calling a mass meeting at the huge Auditorium theatre and by publishing a photostatic copy of a cashier's check for \$1,000 made out to the United Charities, which we offered to turn over if the state's attorney of Cook County would appear on the platform and make answer to even one question.

Throughout the ten months of the campaign following the primary we proceeded on the theory—and developed actual figures to show—that the entire number of crooks, criminals of high and low degree, and political gangsters in all of Chicago's underworld total less than 30,000 out of a population considerably more than 3,000,000 in the city alone. We kept this thought uppermost in all minds. It was the *one-in-a-hundred* who had made Chicago's name a stench and a scorn. The ninety-and-nine were not impatient, they were merely indifferent to their own interests and more or less convinced that no big American city can be run without boodle. A common and companion conviction, too, was that a certain amount of violent crime is inescapable, and that official corruption is a constant factor characteristic of the "ins" and continually complained about by the "outs"—only so long as they remain the "outs."

During the ruinous reign of "Big Bill" Thompson as mayor and the eight-year rule of rottenness of the last state's attorney another factor operated to discourage decent citizens in any attempt to overthrow the political plunderers. Bipartisanship, that cancerous growth which had eaten into the vitals of both big parties, prevented the decent, independent voters of each party from choosing between candidates at elections.

The back-room "bosses" of the Democratic party chose their candidates for city and county offices in complete harmony with the Thompson-Crowe Republican slatemakers. The two tickets always dovetailed and the precinct captains, poll workers, and crooked election officials joined in one great city-wide conspiracy to "count the slate in" and defeat the public's will.

THE PROSECUTOR'S OFFICE—THE KEY TO THE SITUATION

Just as we wondered how under heaven the name of a modest man, whose preference was to remain an honored judge, could be brought before the Chicago public in a big way as candidate for prosecutor, the Chicago morning papers came out with great headlines that traveled all over America. They told the story of the bombing of our candidate's home in the dead of night—not one minute after the automobile in which he was returning from a round of campaign meetings rolled up the driveway. Half an hour later the residence of the only United States senator from Illinois at that time was also bombed.

The Deneen bomb may have been only a black powder "dud." But the bomb thrown at the Swanson home, no one doubted, was an almost successful effort to murder the judge and all his family. The planter of that particular "pineapple" must have been blood-

brother to the machine-gun murderers who shocked Chicago nearly a year later with the massacre of St. Valentine's Day.

Not only was every window pane in the substantial, three-story Swanson home broken, but the window frames were blown out of every window and half way across the rooms. In one room two little grandchildren were saved from almost certain death by inches. A portion of the roof and all the ceilings in a house four hundred feet away, and the windows in every house on both sides of the street for a block in either direction, were blown out.

Swanson—the calm, staid circuit court judge whose own interest in his campaign had been detached up to that time—was shaken in a different way than his would-be assassins could have dreamed. The next day he descended on his noon-day meetings like a lion, to find an aroused public clamoring to see and hear the man who had missed death by several short seconds early that morning. This was the turning point of the April 10 primary campaign.

It is a fair statement that we probably could not have won without that bombing. But it is also a certainty that, without the aggressive organization work that had gone before, and the energy of the non-political campaigners, alert to take advantage of every break in the campaign, the public could never have been held at fever pitch until the remaining days of a desperate campaign featured by a carnival of crime.

Perhaps the biggest single achievement was the precaution taken to prevent victory from being snatched away at the last moment. Organized bands of terrorists, operating under the complete cloak of immunity promised them by the prosecutor, were the danger we dreaded most on primary day. In this

we were perhaps only partially successful, for April 10 was a dark and bloody blot on the record of Chicago elections. But in only a few wards were the black-jacks of the "Blackbird's Gang," their sawed-off shotguns, sluggers, ballot-box stuffers, hordes of stingers, repeaters and "short-pencil" workers able to make their desperate deeds count. Crimes ranged from kidnapping on a wholesale scale to the savage slaying of Octavius Granady.

HOW WATCHERS WERE RECRUITED

To thwart the organized criminals commissioned to save Crowe's political life was no child's play. But we did it with the help of the brawn and courage of "kids," hundreds of youngsters from the University of Chicago, accustomed to handling turbulent crowds at football games and the same crew of clear-eyed collegians who acted as ushers at the famous Dempsey-Tunney fight at Soldier Field.

Four days before the April 10 primary I learned from Senator Deneen that at one previous election in which the Crowe-Eller-Thompson gangsters turned out in full force, 1,000 watchers at \$10 each had been employed by the Deneen group. Most of them were either bought off or intimidated into quitting early in election day. He added that it was too late, either to get the \$10,000 needed now for a similar number of men, or to get and instruct the watchers in the forty-eight hours yet remaining.

Thus far in the Swanson campaign we had collected \$21,000 of which \$3,000 remained. I went from the Deneen conference thinking—one thousand watchers and \$10,000 to pay them. Just \$7,000 short.

I called up a close friend, Augustus S. Peabody, president of the Citizens' Association. A veteran in the fight to free our city from organized crooks and

official corruptionists, he asked only one question: "How much do you need?" Then I explained our situation and he said: "Go ahead and try to get your men. Count on me for the rest of the money." The next day the necessary money was in my hands and on Monday noon 1,000 watchers were packed in the banquet hall of the Morrison Hotel.

With forty or fifty Crowe-Eller-Thompson scouts sitting in the balcony, County Judge Edmund K. Jarecki, one unterrified public official who had stood for seven years against the Crowe gang and survived, instructed our watchers in their duties.

Before Judge Jarecki began his instructions, I told the assemblage of our emergency. We had \$10,000 and were able to pay each watcher next day \$10, but I spoke of the crisis confronting us all and the hard task of getting money to fight, or even watch, the merciless political machine. We did not minimize the danger of serving, and wound up with the request that those who were able should serve as poll watchers next day for nothing. When we paid off, only the "kids" from the University of Chicago, whom we really wanted to pay because a college boy is always "broke," took our ten dollars. As a consequence our treasury had a balance of \$8,000.

And how those hundreds of volunteer watchers stood up to their jobs and took their beatings, kidnappings and other acts of terrorism for which they were targets, was a revelation to me—a raw recruit in the fight. The psychological effect on the Crowe camp of the knowledge that 1,000 unbought and unterrified watchers were to be on the job on April 10 undoubtedly saved thousands of votes that otherwise would have been stolen. Representing the unorganized resentment and determination of an outraged community,

those watchers wore the red badge of courage through a terrible day. The courage of those civic sentries later furnished Frank J. Loesch, that splendid 76-year-young citizen who stepped into service as a special prosecutor, with many valuable witnesses. Later these men and boys told their stories before special grand juries without once yielding to terrorism.

The supreme sacrifice in the battle that ended the day with the overwhelming defeat of State's Attorney Crowe for renomination, was paid by Octavius Granady, a colored lawyer. Shot down in the street a few minutes after the polls had closed, Granady fell with fifty-four slugs in his body fired from one or both of two automobiles loaded with machine-gunners whose car carried the political banners of his opponent for Republican ward committeeman. A Chicago police lieutenant and his zone squad witnessed the murder but did nothing to prevent it or to capture the killers. Granady had been drafted by his own people to run against the Crowe-Thompson ward "boss," who today continues as city collector of Chicago.

BETWEEN PRIMARY AND ELECTION DAYS

To complete the rout begun at the Republican primary on April 10, 1928, it became of first importance that we prevent public sentiment from receding too far from the boiling point. A lapse into lethargy meant the loss of that splendid victory won all along the line when Len Small ceased to be a Republican candidate for reelection, Crowe was defeated for a third term as prosecutor and Frank L. Smith for renomination as senator.

The primary had come to be regarded as an election rather than a purely partisan primary, although it is true, hundreds of thousands more votes were cast in it than in any election ever

held in Chicago. It now became our task to take up the truth-telling campaign on a broader scale than ever. By reason of the rotten bipartisanism which had permitted the Republican state's attorney, Crowe, to select his prospective Democratic opponent months beforehand and to dictate his nomination without serious opposition at the April primary, we faced a new foe. He was a plausible gentleman of the superior court judiciary who was, in fact, just what we called him, "a false face for Crowe."

In the angry outburst of outraged public sentiment which was started by the slaying of Octavius Granady and was intensified by the shocking stories of election crimes in the twentieth and a dozen other wards that primary day, we struck while the iron was hot. The problem of keeping the Chicago public alive to its danger until November 6 was solved by the setting up of an independent special grand jury, uncontrolled by Crowe and with Special Prosecutor Frank J. Loesch acting under authority of the attorney general of Illinois.

We of the John A. Swanson Business Men's Organization turned our attention to rebuilding our little organization on a county-wide scale, sufficiently strong and representative of every walk of life, and well-enough financed to carry our message to every corner of Cook County.

For the first time in any local campaign of the kind in Chicago, we put political activities on a business basis. Bank presidents, railroad presidents and executives, heads of big industrial organizations, leading lawyers, distinguished doctors and merchants composed that executive committee. Men from every conceivable line of commercial endeavor were organized separately by subcommittees who financed themselves.

Through that general executive committee which I had the honor to head as chairman, we carried our campaign directly to more than 200,000 people. We got our general "Follow Through" message across not once but many times to every one of the 1,000,000 registered voters who read any modern language. Specializing still further, we classified in one card-indexed mailing list 100,000 college alumni found on our main mailing list and on the membership rolls of clubs, churches, etc. To these citizens of more than ordinary education and intellectual equipment we sent special appeals.

While Frank J. Loesch continued to "follow through" with his fearless staff of investigators and while five successive special grand juries returned criminal indictments against more than a hundred individuals, we went down into the "deliverable wards" where all previous elections had been occasions of barter and sale. We even brought businesslike politics to the Negro wards where previous elections had been carnivals of vote-buying and ballot-box stuffing. In such places we set up separate ward units headed by an outstanding man, a bank president or head of other important commercial concerns or a leading minister.

Instead of our buying their support, the colored people of these wards gave us their money to aid the campaign of an honest man. There were no promises or favors, except that we agreed to match on a two-for-one basis every dollar contributed by them. The total was budgeted and the money spent for campaign activities in their own wards.

THE ELECTION AND AFTERWARDS

The campaign succeeded 100 per cent.

Nearly a year ago the first phase of the fight to "thwart official crime and corruption in Chicago" ended in victory. Judge John A. Swanson took

office with a splendid majority. In his final campaign speech he urged the non-partisan body of business men who had fought the good fight in his name to carry on throughout his term of office as "civic sentries" pledged to support him in the performance of his pledges.

The second phase of our task we took to be the selection—in coöperation with the Municipal Voters' League—and support of able and independent candidates for seats in the Chicago city council.

Thereafter, for two months of last spring's aldermanic campaign we carried on in support of some twenty-five candidates for city council out of a total of fifty. Some seventeen or eighteen of these were either elected at the February election or qualified for supplementary or "run-off" elections in April—despite the fact that the high-tension sentiment of the state's attorneyship contest had inevitably sub-

sided and the total vote cast at the council election had receded to a point even lower than the average "off year" level.

Nevertheless, great gains were made in returning several outstanding aldermen to the council who had been kicked out by the Crowe-Eller-Thompson combine several years earlier. And the main objective of the Civic Safety Commission (which began as the John A. Swanson Business Men's Organization) was realized—that is, the public was put on guard in advance against just the types of graft and crooked activities that should be expected in future from aldermen owned and controlled by the discredited administration of a disheartened and disabled mayor, whose machine was so decisively defeated last year that it is now dismembered into three or four impotent and disgruntled factions. All of which took only one year.

CHICAGO'S PERSISTENT TRACTION PROBLEM

SOME ISSUES AT STAKE

BY PAUL H. DOUGLAS

Professor of Industrial Relations, the University of Chicago

Laws have been enacted to enable a consolidation of Chicago's transit lines under an indeterminate franchise, but no enabling ordinance has been presented to the voters. Sharp divisions of opinion as to what the franchise should provide have arisen. :: :: :: :: ::

IN 1925, Mayor Dever negotiated an agreement with the traction companies for municipal ownership of the surface and elevated lines. They were to be operated by a board of nine members composed of three representatives of the city and three of the companies, with the proviso that if the two groups failed to agree on the remaining three

the latter were to be designated by the judges of the first division of the appellate court. The purchase price of the elevated lines, controlled by Samuel Insull, was set at 85 millions while the price of the surface lines was fixed at 162 millions. This ordinance was defeated at the polls for a variety of reasons, and no further steps were

taken by Mayor Dever to solve Chicago's transportation problem.

Upon his election as mayor in 1927, William Hale Thompson appointed Samuel Ettelson, one of Mr. Insull's attorneys, as corporation counsel. The twenty-year franchise granted to the surface lines in 1907 was expiring and a consolidation of both the surface and the elevated lines under private ownership was proposed. It was commonly understood that the consolidated properties would be operated by Mr. Insull.

TERMINABLE PERMITS PROPOSED

As is well known, the legislature had in 1903 repealed the notorious Allen Law. Obtained by Charles T. Yerkes in 1897 through bribery, this law permitted municipalities to grant fifty-year franchises. But from 1903 on, the period for which any such franchise might be granted had been limited to twenty years. Dissatisfied with this situation, Mr. Insull's attorneys prepared a bill, which the Thompson administration in turn sponsored, providing that franchises should be granted not for any definite period of years but for an indeterminate period of time. Public protest plus the opposition of Frederick Lundin, who then had a great deal of influence with Governor Small, was sufficient, however, to prevent the passage of this legislation. In the winter of 1928, Mayor Thompson, Governor Small, and Frank L. Smith concluded an agreement whereby Thompson was to support Small for governor, and Smith for senator; while Small would support Thompson's ally, Robert E. Crowe, for reelection to the state's attorneyship of Cook County. The governor also was to call a special meeting of the legislature to deal with Chicago traction. The *Chicago Tribune* charged at the time that this meant that Small had agreed to put through the Insull traction program, and this

was indeed the common belief. The defeat of the Small-Smith-Thompson-Crowe faction in the April primaries, however, prevented definite action from being taken at that time.

The north and west side surface lines are owned by the Chicago Railways Company. At the request of the Westinghouse Company which had a claim of \$65,000 against the company, Federal Judge Wilkerson had granted a receivership. In the fall of 1928, he appointed a committee to propose a plan of settlement headed by James Simpson, president of Marshall Field and Company, and Colonel A. A. Sprague, with two local bankers and Professor C. M. Thompson of the University of Illinois as its other members. Although this was labeled the Citizens' Committee, it was pointed out by some that Judge Wilkerson could only act as the representative of the bondholders and that since their interests and those of the city were adverse, the committee could not be said to represent the city.

COMMITTEE DRAFTS LEGISLATION

The committee declared that the first step was to secure legislation from the state and that after this was done, an ordinance could be drafted. It therefore sponsored a series of bills in the state legislature which were approved by the city council and endorsed by Mayor Thompson. These bills did not differ greatly from the Insull bills proposed at previous sessions, and included the following features: (1) Municipalities were authorized to grant franchises for indeterminate periods of time instead of for only twenty years as under the Mueller Law of 1903. This was said to be necessary to permit the flotation of new bonds to finance extensions and improvements and to refund the old securities. Just as the Allen Law

had differed from the Humphrey bill in authorizing instead of commanding cities to grant fifty-year franchises, the present bill similarly modified the features of the 1927 indeterminate franchise bill. At the instance of the city council, another bill was introduced making it possible for a franchise to be granted up to forty years. (2) The surface lines were granted permission to consolidate with the elevated lines. (3) The city was given power to construct subways and to levy special assessments to help defray their cost. (4) Provision was made for the creation of a local transportation board to be appointed by the mayor and the city council which would have ultimate jurisdiction over the properties instead of the Illinois Commerce Commission as at present, but which would not control the original capital set-up of the consolidated properties. This board was also given power to regulate the properties which lay outside the corporate limits of the city to a distance of thirty miles.

CRITICISM OF COMMITTEE'S BILLS

In the discussion which the bills aroused, a number of alleged defects in the measures were pointed out to both houses of the legislature and to the governor. The most important criticisms were as follows:

(1) It was charged that the so-called terminable permit bill lacked features which would make it terminable in fact, and in effect authorized perpetual franchises. The franchise supposedly could be terminated in three ways; by purchase, by transfer to another company, and by amortization. The critics pointed out that because of the decision of the Illinois Supreme Court on the Mueller certificates, any bonds issued by the city to purchase such income-producing property would be

subject to the constitutional debt limit of 5 per cent of the value of property in the city. While there was at the moment approximately \$122,000,000 of unused bonding capacity, this would soon be absorbed in improvements accelerated by the coming World's Fair and consequently would not be available. Nor under the plans of Judge Wilkerson's committee, would the \$55,000,000 in the city's traction fund be available. This fund had accumulated under the 1907 ordinance from the city's share of 55 per cent of the net profits of the surface lines, and was to be used to finance subway construction. Nor was the possibility of transferring the consolidated properties, which, it was estimated, would be valued within ten years at a minimum of 500 million dollars, any more substantial.

The Committee, however, assured the public that the properties could be acquired and the franchise eventually terminated through amortization, whereby the city's compensation could be applied annually to reduce the outstanding capital value. It was stated that if the city's rental amounted annually, for example, to 1 per cent of the capital value, the property could be acquired by the city in fifty-four years. But here it should be noted that the bill in question provided that the franchise might contain provisions for "the retirement of investment by amortization or otherwise, *or*¹ for compensation for the use of public property." A strict interpretation of this passage would seem to mean, therefore, that it was not possible to combine amortization with compensation to the city and that if the city took compensation, it could not directly apply these sums for amortization. It is significant moreover that while the term "and/or" was used freely in

¹ Italics mine.

other parts of the bill, it was not used in this passage.

(2) A second criticism was that the bills did not authorize the city to terminate a franchise for misuse or non-use.

(3) It was pointed out that the bills expressly denied the city the power to make a binding contract with the companies, since they explicitly stated that nothing should be introduced in the franchises which would be inconsistent "with the lawful exercise of the power of the State to regulate public utilities." These critics pointed out that under the 1907 ordinance the companies had promised not to charge more than 5 cents and had agreed to carry out a yearly program of extensions; but that the fare had been increased by the commerce commission and the courts, and that the companies had not been compelled to carry out their program of extensions. While not arguing for a fixed fare, it was urged that the city should be empowered to negotiate a contract which would bind the companies.

(4) A further criticism was that the bills did not sufficiently protect the city from increase in the valuation of the lines for rate-making purposes by the Illinois Commerce Commission. At the time the bills were being debated, the Chicago Elevated Lines, which had given their nominal consent to sell for 85 millions in 1925, were before the commission in the ten-cent fare case, claiming a valuation of from 143 to 168 millions, and it was feared that the surface lines might act similarly. The bill merely authorized the city to include in the franchise a figure which should serve as the purchase price, but this was not authorized as the valuation for rate-making as well.

(5) The reality of the alleged grant of home rule, which, it was stated, was provided by the creation of a local

transportation board, was also questioned on the ground that the state supreme court would undoubtedly declare it to be unconstitutional for a Chicago board to have jurisdiction over transportation agencies in other towns and cities. Walter L. Fisher, who had been retained by the Wilkerson Committee, declared that the constitutionality of this bill was doubtful and Attorney-General Carlstrom later declined to give an opinion on the question.

(6) Finally, it was alleged that the bill did not sufficiently guard against the possibility of the surface and elevated lines consolidating before they received a franchise.

COMMITTEE BILLS BECOME LAW

Amendments were presented which were designed to protect the city against these dangers but were refused by the Wilkerson committee and their attorneys, Messrs. Gorham and Gilbert (who were incidentally being paid by the city at the rate of \$30 and \$20 an hour respectively). With the support of the dominant machines of both parties, the bills were pushed through both houses without amendment and were signed by Governor Emmerson in June. The large business interests of the city had been almost solidly behind both measures, while the City Club, which had been instrumental in killing the 1927 bills, contented itself with a rather tepid report and took no further active part in the struggle. Until the very last minute, the entire press which had in previous years been on the whole hostile, also supported the measures. The Hearst papers, after a change in the local management, did however come out at the eleventh hour against the bills and since then have vigorously criticized various details of the program.

It had been promised that when

the so-called enabling legislation was passed, the city and the company would soon agree on terms, and it was expected that an ordinance would be submitted to the voters in November. Although three and a half months have since elapsed, little progress has been made in agreeing upon the terms of any such ordinance. Walter L. Fisher has been insisting that the franchise should contain provision for service at cost while the companies have been no less insistent upon their right to a "reasonable return." A possible source for the delay may lie in an inability of the three companies to agree as yet upon the respective equities which each group will possess in the new consolidated company.

POINTS AT ISSUE IN NEW FRANCHISE

In the meantime, a People's Traction League has been formed, under the leadership of Harold L. Ickes, Charles E. Merriam, Ex-Governor E. F. Dunne, Ex-Mayor Carter H. Harrison, and Mrs. B. F. Langworthy, to watch the situation and to protect the people's interests. A few councilmen, notably Alderman Arthur F. Albert, are showing evidence of independence. The critical attitude of the *Herald-Examiner* is still being maintained and the *News* is showing impatience with what it regards as the dilatory action of the companies. Indeed the latter paper has charged the traction interests with delaying a settlement in the hope that by wearing down the resistance of a public anxious for extensions and improvements they may secure better terms than are possible at present.

While it is uncertain when any franchise will actually be presented to the voters for ratification, public discussion will undoubtedly turn around the following issues:—

1. *Valuation.* The transportation committee of the city council and the

companies have agreed upon a valuation for purposes of possible city purchase of 165 million dollars for the surface, and 95 millions for the elevated lines. This, as we have seen, will not necessarily be the upper limit for purposes of rate-making. In the discussion, a suppressed report on valuation by Dr. Milo R. Maltbie to the Dever administration in 1925 has been discovered and is being stressed by the People's Traction League and by Alderman Albert. This set the original cost of the present property of the surface lines at 123 instead of the 162 millions recognized in the 1925 ordinance, and fixed the value on the basis of original cost less depreciation at 83 million, and on the basis of reproduction cost less depreciation at 131 millions.

Mr. Maltbie pointed out that the value of 162 millions claimed by the companies under the 1907 ordinance included 48 millions of "water" which was made up as follows: (1) Ten million dollars of "water" in the original value fixed upon the properties in 1907; (2) Twenty-five million dollars of cars and track which were junked between 1907 and 1910 but which were still retained in the capital account; (3) ten per cent allowed upon new investments since 1907 for contractor's profits amounting to 8.8 millions; (4) five per cent brokerage charges for the new capital since 1907 amounting to 4.4 millions. Against this, however, he allowed an offset of 8 millions for additions to capital which had been charged to depreciation, making the total original cost of the properties as of October, 1924, 123 millions.

No such accurate appraisal has been made of the value of the elevated properties but it seems clear that both the original cost and the original cost less depreciation would be very much under the figure of 95 millions. There

is certain, therefore, to be strong opposition to recognizing 260 millions as the initial value of the combined properties, particularly in view of the possibility that the commerce commission may set the valuation for rate-making purposes at a still higher figure.

WHAT SHALL THE RETURN BE?

2. *The return to the city on money invested in subways, and the abolition of the elevated loop.* The rather general financial plan submitted by the companies provides that the city shall pay for the cost of constructing subways in the business district, which are estimated to cost 100 millions, and which are then to be leased to the consolidated companies. It does not, however, provide for any payment to the city for the use of the subways, and in support of this position it is urged that to do so would necessitate raising the fare. Against this, it will undoubtedly be urged that the city is as much entitled to receive a return on fresh capital which it contributes to the lines as are the private investors and that if the valuation were kept down to a legitimate figure this could be done without any increase in fare. It will furthermore be argued that if a subway is to be constructed, the elevated loop should be torn down and the elevated trains should be made to run underground through the business districts, thus relieving the loop of the noise and dirt which have sapped the vitality of Chicagoans for so long a time.

3. *Protection of the city against the reception by the common stockholders of abnormally large profits.* The companies want a "reasonable rate of return" upon the entire value of their properties. This, if we can judge from the past decisions of the Illinois Commerce Commission would probably be fixed at around $7\frac{1}{2}$ per cent. On a valuation of 260 millions, this would

amount to a net profit of 19.5 millions annually. Now, if 100 millions of the 260 millions were issued in the form of first-mortgage bonds at $5\frac{1}{2}$ per cent, and 100 more millions as debentures, or preferred stock at 6 per cent, the total charges for these issues would amount to 11.5 millions annually, leaving 8 millions for the 60 million dollars of common stock, which would amount to an average rate of return of 13.3 per cent. The common stock under these conditions would become extremely valuable, and if the commerce commission were to grant a still higher valuation to the lines, these surplus gains would almost wholly accrue to the common stockholders. Within the traction companies themselves, there is naturally no unanimity of opinion as to how these valuable claims will be divided. Mr. Insull's elevated properties have of late been earning only $3\frac{1}{2}$ per cent upon their stock and if these were taken over dollar for dollar as common stock in the new properties, they would experience a great accretion in values that in turn would send up the value of the Commonwealth Edison Company which has legal title to them. Walter L. Fisher has declared himself as opposed to this feature, which is still imperfectly understood by the general public and on this point he will probably be joined by the People's Traction League.

4. *Whether the franchise will be in fact terminable.* The amortization features will be thoroughly canvassed to determine whether or not the equities can under the legislation be retired by the city through the application of its compensation for the use of the streets.

5. *The non-binding nature of any franchise.* The express power which is given to the commerce commission and the courts to regulate the franchises and the consequent difficulty and perhaps impossibility of making

any terms in the franchise bind the companies can also hardly fail to be stressed. The companies have promised to build 200 million dollars of extensions. This promise is already marshalling behind their program not only the large groups of people who want better transportation but also those who expect to gain through an increase in land values. Yet similar promises made in 1907 and embodied in the franchise have not been fulfilled and if the promised program were to prove financially onerous, the companies could probably secure exemption from the commission and the court after the franchise had been obtained. In the meantime, however, the promise of extensions would have served its purpose in gaining the votes.

6. *The denial of effective home rule.*
The probable unconstitutionality of the act creating the local transportation board is a final issue which will undoubtedly be brought out into the open. Were such a board declared unconstitutional, the powers of regulation would of course revert to the state commerce commission, which is still distrusted by most Chicagoans both because it represents down-state so largely and because of the bad record of most of the appointees of Governor Small.

What the outcome of the struggle will be is of course uncertain, but upon its result hinges the future of transportation in the city, and in the process political fortunes will be both made and broken.

HOW CHICAGO AWOKE TO NEED FOR HONEST ASSESSMENTS

AN EPISODE IN CIVIC EDUCATION

BY GEORGE O. FAIRWEATHER

Chairman, Joint Commission on Real Estate Valuation, Chicago

Mr. Fairweather here reveals the method by which the citizens were aroused to make reassessment, in a campaign successfully waged against great political hostility. :: :: :: :: :: ::

DURING the past two years I have attended over a hundred meetings of taxpayers. I have learned that government, to the ordinary citizen, means an instrument for supplying certain common services and controls. It is generally accepted that it costs money to make this instrument work. I have discovered that except for the ceremony of voting, Mr. Citizen participates in government largely through his contribution to the common service fund in the form of his tax payment;

and that he has generally classified this main relation into two grand divisions: what he pays into the common fund, and what the expenditures of the common fund yield to him and the community. The financial aspects of government, therefore, bulk very large in the citizen consciousness.

The second of these two grand divisions has heretofore been the subject of much attention on the part of citizens. Gross expenditures, unwise budgets, extravagant payrolls are com-

mon headlines. Until about two years ago comparatively little, however, had been done with regard to contributions to the tax fund in Cook County.

Various reasons have been ascribed for this lack of interest. Some have said that the taxpayer was making so much money that it paid him to ignore the time necessary to look into the matter and that the payment in any event was not a significant item. Others have said that the taxpayer was likely to look upon a bill from the government as the product of a wise and beneficent Higher Authority, and it was accordingly accepted. I think there is more truth in the explanation that, first, Mr. Taxpayer had a very inadequate guide as to what his tax bill ought to be, and second, if he did have a question about it, he was exceedingly fearful of incurring the ill will of the Higher Authority by talking about it.

GROWING INDIGNATION

At any rate, within the last six to ten years there has been noted a constantly increasing concern on the part of taxpayers in Cook County regarding the relative fairness of their tax payments. In more recent years this concern grew into a broadly accepted belief that the tax-gathering functions, legally controlled by the board of assessors and board of review, were either ignorantly or viciously mis-handled and that widespread and general inequalities prevailed.

Rumors became current of alliances between politicians, officials, party managers, real estate "experts," attorneys, property owners and campaign treasurers to the effect that real estate assessments were dispensed on a consideration basis, whether the consideration was patronage, campaign expenses, party alliance, or otherwise. So generally were these rumors current

that in a fairly broad contact with taxpayers, large and small, in different parts of the county, I do not recall a single owner of property who did not express indignation over the alleged conduct of the taxation business of the county. I was unable to understand then, although partly able to understand now, why the members of the two taxing boards were able to continue to live and hold up their heads in a community where the product of their work was so generally reviled. I discussed this question some months ago with one of the board members. I think I found a partial explanation in the fact that most taxpayers are craven in the presence of the tax official. I have never witnessed so much palavering and glad-handing in the face of the assessor and the reviewer, and so much "cussing" behind his back.

FEAR GRIPS MANY WHEN TAXATION IS INVOLVED

Of course the fear element, the fear that too loud an objection or criticism would mean discipline through a raised assessment, operated to keep the vicious bubble from bursting. I had very amusing evidence of the fearfulness of some of our so-called leading citizens when their membership was sought on the joint commission on real estate valuation. This commission was appointed by the board of Cook County commissioners early in 1927. Before its personnel of fifteen citizens was completed, dozens of men of prominence had turned the proposition down as being too "hot." The czaristic power of the board of assessors and the board of review, especially the latter, partly supported by the basic law and partly by the manner in which the administration of that law had grown up; fortified by political and business associations requiring obedience to regulations, or the purchasing

of materials from stipulated sources; strengthened by the interrelations of business and politics manifested through coal purchases, insurance premiums, law business, banking business and other forms of commercial "enterprise"—was such that these otherwise estimable gentlemen pleaded to be excused on the ground that while they favored a reestablishment of common honesty in public finance, they could not afford to say so in public for fear of adverse consequences upon their financial interests.

This fear of czaristic power was matched only by the consciousness of that power in the persons of some of the gentlemen who composed these two taxing bodies. This again was highly amusing. At the first conference which the commission held with the board of assessors a fairly elaborate staging by that board was set up with public stenographers and attachés, obviously on the theory in police court parlance, that "whatever is said may be used against you." The initial contacts with the board of review members was garnished with the oil of annoyed impatience at the interruption. It should be promptly stated, however, in fairness to these gentlemen, that in subsequent months as the work progressed, most of the members of both boards came to a basis of coöperative understanding and helpfulness. While there are some who ascribe this shift in position to an ability to read the handwriting on the wall, I personally am satisfied that some of the officials concerned were perfectly willing to follow the ball of public performance in the public interest when the position of the ball was made plain to them.

PUBLIC MORALE WAS LOW

It is my personal belief that the public morale of the citizenship of Chicago

in 1927 was at a very low ebb. This was due to two main causes: A lack of confidence in the then state's attorney, and a lack of confidence in the taxation administration of the county. When great bodies of the people came to believe that public and private malefactors were not being brought to justice, and that the basic support for government through tax payment was being administered on a selective basis, one can readily understand why Mr. Citizen would throw up his hands at trying to do anything and say, "What's the use?"

Another powerful contributing cause to the despair was the fact that the politically controlling element at that time and to some extent now, except in the case of the state's attorney, was made up of a group which directed the taxing offices, the state's attorney, the sanitary district, a goodly portion of the county board of commissioners, with alliances in the state capital and throughout other county offices. In other words, the "cabal" was complete and all-powerful. It is amusing now to note the efforts on the part of some of these gentlemen in the taxing offices and elsewhere to deny or explain or justify their membership in the old imperial régime.

It was amusing also to find the dominant, political group voicing its antagonism to King George on the one hand, while putting the Czar to shame on the other.

With this setting and without further details, it will be easily realized that the joint commission had a problem of official performance and of public responsiveness on its hands. It went through the gestures of politely requesting the "cabal" to restore democratic and constitutional government so far as equitable assessments on real estate were concerned. This was a necessary part of its case, although

its fruitlessness was known in advance. Since coöperation by request could not be obtained, coöperation through pressure had to be won.

EXPERIMENT IN PUBLIC OPINION

It was determined to experiment by going to the people directly and through the press in the hope that through a period of time, say five years or more, some modicum of improvement would be realized; but the people and the press had to have some definite concrete evidence in provable form of the maladministration of which we were all aware in a general way. The newspapers were consulted. They were a unit in condemning the existing practices and in offering to give space to a definite exhibit of inequitable and illegal administration, coupled with constructive, straightforward suggestions for improvement.

Dr. Herbert D. Simpson of the Institute for Research Land Economics at Northwestern University undertook to make, and did make, a series of comparative studies between assessments and sales values. These have heretofore been presented in the REVIEW. They formed the keystone of our structure and the arch, although repeatedly assailed and condemned, has never been shaken. Dr. Simpson made a capital demonstration of the importance of intelligent research in securing governmental improvements.

With this material in hand it was comparatively easy to dramatize the crime of political mismanagement at the basis of public fiscal affairs and in the relation of each citizen and property owner to his government as evidenced by the amount of his own tax bill. An organization known as the Chicago Civic Conference was created after a discovery had been made of the thousand or more citizenship organizations such as improvement clubs, neighbor-

hood clubs, taxpayers' associations and the like, scattered throughout Cook County.

This conference undertook as its first project a discussion of real estate assessments. Hundreds of meetings with charts were held in all parts of the county. Free discussion and comments were invited from the floor. Everywhere approval was manifested in the work of the commission and in its effort to restore constitutional equality. At these meetings effort was made to secure the attendance of the local aldermen or legislator or other public official. From time to time the commission published reports analyzing the Simpson studies, analyzing the administration in the board of assessors and the board of review, and recommending changes in legislation and in administration.

The press, not only in Cook County, but elsewhere in the state, and to some extent outside the state, gave extended mention to these reports and further fanned the flame of popular interest and indignation.

About this time a further discovery was made: That the fear element above referred to was transferred from the bosom of the taxpayer to the bosom of the tax official. Throughout all this period the commission was careful to be utterly fair to the public officials. Its reports were first presented to the officials on the two boards and memoranda of speeches to be made throughout the county were repeatedly canvassed with these gentlemen before they were delivered.

When the public interest had been sufficiently aroused, it was possible for the governor of the state and the state legislature in special session to pass enabling legislation strengthening the powers of the state tax commission with respect to ordering reassessments. The state tax commission did order a

reassessment and also ordered the publication of assessments. The latter document added official confirmation to the previous studies and analyses of the joint commission.

DELAY COST MONEY

I had thought that the taxing officials by this time had improved their eyesight sufficiently to read the handwriting at a gallop; but this proved to be a mistaken judgment. The board of assessors unconscionably delayed proceeding upon the reassessment; with the result that the collection of taxes under the reassessment has been delayed months beyond its normal time. It is my deliberate judgment that the community may thank this board and the political forces which control it for the investment of a million dollars a month in unnecessary interest on tax anticipation warrants as a result of their stupidity and worse in refusing to carry out their bounden obligations in the public interest, as required by law. I think it only fair to say, however, promptly, that I sincerely believe that some of these gentlemen *now* believe that they made a mistake, but there is no doubt in my mind, at least, that they failed to resolve their *then* doubts in the public interest.

When the reassessment was ordered, it was patent that a mere compiling of figures by the same board, using the same method as in the past would produce about the same result. Accordingly, the state tax commission imposed rules 14 and 15 which required an individual assessment record card with full data as to the appraisal facts, and a complaint blank and a complaint filing system calling for a record of the judgment of the board of assessors and of the board of review in changing the original appraisals together with reasons for such action. At this writing I

am surprised to find that the eyesight of the board of review is still somewhat impaired. That board is today struggling to find some means of utilizing its antiquated and outworn complaint blanks which provide no basis for intelligent handling of complaints or for fixing the responsibility for the actions taken.

NEIGHBORHOOD MEETINGS—SCHOOL AUDITORIUMS FILLED

Among the other requirements of the state tax commission's rules was one calling for a presentation at community meetings of the unit land appraisals for the consideration and advice of taxpayers. The resentment of taxpayers was such that only two members of the board of assessors had the hardihood to preside at these neighborhood meetings and they discontinued their services long before the series of meetings was concluded.

An amusing incident happened in this connection. The board of assessors requested me to represent them by presiding at these meetings, after it appeared that none of the assessors were able or willing to be present. I will always regard this request as the most significant compliment which has ever been paid to me and as evidence on the part of the assessors that, whatever they thought of the wisdom of the actions of the joint commission, they did respect its intentions.

I found myself in the unique position of representing a board which I had been called upon as chairman of the joint commission to criticize. Since this representation, however, had to do with the new program of a modern assessment system, under the rules laid down by the state tax commission, I undertook, as best I could, to defend the board on the new plane of service as vigorously as I had tried to condemn it on the old plane of performance.

As an episode in civic education, these meetings were extremely interesting. The largest school auditoriums were filled to capacity. The meetings were opened by a short statement of the reassessment program and of the purport of the tax commission rules. Then a member of the assessors' staff outlined upon a screen or chart the manner in which the land and the building values were determined and copies of the land value maps were distributed throughout the audience.

Then the meeting was thrown open for discussion and criticism of the figures on the maps which indicated the unit foot prices for the land valuations. On the whole, the meetings showed a temper of serious, sober interest on the part of the property owners. There was reflected time and time again a feeling of hopefulness that a new day had come in public administration when the citizen was being given a chance to participate in the very foundation work of government—the determination of the spread of its cost upon the community. Much comment of value to the assessing staff was secured and every effort was made with real devotion to the job on the part of that staff to provide an understanding of what the work involved and to secure competent judgment as to the values to be inserted on the final maps. To be sure, the maps were not entirely complete nor were they entirely correct, but such as they were, with all their imperfections, natural enough in the first attempt at a wholesale ap-

praisal of over a million pieces of property and a wholesale discussion thereof, the records were infinitely better than any that had come out of assessors' office for years before.

It was interesting to note the eagerness with which citizens undertook to discuss according to their lights the problems of government and public finance, as well as the specific issues before the meeting. Issues would be joined upon the floor, as a rule, with good humor and with fair play. On the other hand, there was evidence of a disruptive program at some of the meetings and, I fear, of deliberate plans from obvious sources to prejudice the meetings. A little precaution with the aid of the superintendent of police promptly stabilized the meetings and allowed the great majority of those who attended to carry out their purposes in coming.

An amusing incident occurred at one of the meetings. Five men, obviously of the hoodlum type, slouched down into a row of seats; immediately the adjoining seats were occupied by husky gentlemen in citizen's clothes, with authority to carry concealed weapons; shortly thereafter the quintette of prospective disturbers decided to adjourn to the neighboring pool room.

The net result of the preliminary meetings and of the community hearings on the land value maps gives me great courage in the hope for a developing democracy, provided we work at it even a little, and with a little intelligence.

THE REASSESSMENT OF REAL ESTATE IN COOK COUNTY—A BLOODLESS REVOLUTION

BY JOHN O. REES

Director, Joint Commission on Real Estate Valuation, Chicago

The details of the bitter fight for fair assessment of property. The methods used in Chicago might apply to other cities as well. :: ::

THERE is in process and nearing completion a complete reassessment of all real estate in Cook County, Illinois. The combination of events and circumstances, which have brought about this interesting development, amount in effect to a peaceful revolution. It has been peaceful in the sense that there have been no physical casualties. It is entirely possible that one of the results may be some political casualties.

Comparatively few people living in Cook County are reasonably well informed about the series of circumstances and "breaks" leading up to this present event. This present development has an extremely interesting background. This background constitutes a rather grave reflection upon the theoretical ability of a large mass of people to maintain a government which promotes the greatest welfare of the greatest number.

The basis of taxation in Cook County is the uniform rule. This rule was last placed in the constitution in 1872. The framers of the constitution believed strongly in their absolute wisdom. They imposed very difficult requirements for a change. The uniform rule, as the basis of taxation in a metropolitan community, is antiquated and impossible of administration. It is, nevertheless, present and real.

The statutes of the state of Illinois

have long provided for the appraisal of all property, including real estate, at its fair cash value as the basis of assessment. The underassessment of property, including real estate, at something less than the statutory requirements is traditional. The economic and administrative impossibility of assessing intangible personal property uniformly in relation to value has led a number of people to claim that the same rule is not practical when applied to real estate. This has given the administrative politicians a plausible excuse for dispensing real estate assessments on a political basis.

PROPERTY ASSESSMENTS DICTATED BY POLITICS

In 1898 the state legislature established an assessment organization for Cook County along the lines of a circus. The show proceeds in three rings at the same time. No one can watch it all, and the best act is always in another ring. There were established an elective board of assessors, an elective board of review, and a large number of elective township assessors for the townships not lying wholly within the city of Chicago. This organization involved the periodic election of eight political major-domos and approximately thirty minor-domos. Such an organization was established in theory for the purpose of appraising and as-

sessing property according to law. Practically it was established to give proper political consideration to the problem of determining whose property was to be assessed.

This has been the type of administrative organization in effect for approximately thirty years. During this time its style of operations has passed through two stages. Prior to the World War, there was considerable coherence through political control. This was the period of respectable appearance. Assessments were dispensed to the right people with the right attorneys, keeping in mind politics and campaign contributions. Respectable appearances and proper political control of the scale of operations were also kept in mind. During and following the war period, most of the respectables were replaced by realists. They reflected the spirit of the times in an easy money town. The realists were not particularly interested in respectability. They believed in the old principle, "If a little is good, a lot is better." It was early in this period that the privilege of having a limited number of real estate assessments adjusted was extended to precinct captains. This change in policy brought out the practical possibilities of political assessment. Incidentally it put the whole thing on a basis where it was not subject to any definite, coherent, political control. The precinct captain became, in political language, "the poor man's attorney." A few years of this free and easy style of operation got the assessing officials into an unenviable position. No one realized the extent of the assessment-reducing business. No one could safely say "No" to ninety-nine out of every hundred requests for reductions. If the first official approached refused, another could be found to oblige.

THE 60 PER CENT FICTION

With the deflation of farm land prices, following the World War, the state tax commission was beginning to receive protests from the farm organizations regarding the assessment of real property in various counties in the state. This led the master minds in the state tax commission to devise the fiction that the basis of assessment was 60 per cent of the fair cash value of property. Everybody knew it wasn't 100 per cent. Nobody knew what it was. The state tax commission hit upon the happy idea of saying it was 60 per cent. This fiction was a great convenience. It was easy for the tax commission and county boards of review to say to different groups that the basis was 60 per cent, and that they had no grounds for a kick when they were assessed lower than that. The 60 per cent statement became quite useful to the taxing officials in Cook County. They also could tell people that they were being favored when assessed on a basis below 60 per cent of the value of their property. The fiction had great possibilities, both as an opiate and as a whip.

The wholesale practice of assessment-cutting and the 60 per cent fiction combined were very soothing for a time. A condition developed where at least 90 per cent of the people were led to believe that they were evading a fair share of their taxes. Not more than 10 per cent were assessed at or above a 60 per cent base. Assessment bases for the remaining 90 per cent ranged from zero to 60 per cent.

CITIZEN EFFORT BRINGS JOINT COMMISSION

In 1926 the city council and the board of education made some effort to compel the assessing officials to raise the assessments upon several thousand parcels of property. Their

interest was primarily due to a desire for a higher total assessment. This would give more public revenue with existing tax rate limitations. The officials of the Chicago Teachers' Federation had long been criticizing the assessment of property. Their contention was that there would be no continual shortage of revenue to operate the school system and to pay adequate salaries to teachers, if property was uniformly assessed upon a sufficiently high basis. In addition to the groups with a revenue increase urge, there were a few misguided individuals in Cook County who for some reason refused to believe in Santa Claus. It didn't seem possible that everybody could be evading a fair share of taxes. They knew there was no uniformity of real estate taxation in relation to value. The subject of real estate assessment was discussed rather extensively during 1926.

Under the quadrennial assessment system, 1927 was the year for a complete new assessment of real estate. In the latter part of 1926 the board of Cook County commissioners was prevailed upon to create a joint commission on real estate valuation. The commission was created for the purpose of developing a plan for the uniform appraisal and assessment of real estate in the 1927 assessment. It was to advise the county board in the matter of necessary appropriations to put such a plan into effect. In theory this joint commission was established to consist of fifteen private citizens and a number of public officials, including the members of the board of assessors and board of review. The public officials on the commission never participated as members. Among the private citizens placed upon the commission were a number with a desire to find out what it was all about, and with the necessary courage to make the attempt.

The joint commission, soon after its creation, made George O. Fairweather, the assistant business manager of the University of Chicago, its chairman. The writer was employed as its director. An immediate effort was made to induce the assessing officials to inaugurate some administrative policies which would improve the assessment administration and results in 1927. At the same time some comprehensive studies were undertaken. These were to form the basis for a real attack upon the problem. The Institute for Research in Land Economics and Public Utilities at Northwestern University was engaged to make an actual study of assessment results in the 1923 quadrennial period and in the 1927 assessment. These were the so-called Simpson studies. They were a comparison of assessments and the sale prices of some 6,500 properties selected at random. They indicated that the average assessment was 36 per cent of full value. These studies have been the subject of a series of articles by Dr. Herbert D. Simpson, previously published in *NATIONAL MUNICIPAL REVIEW*.

Coincident with the Simpson studies, an analysis was made of the actual administrative methods followed by the board of assessors in the production of the 1927 quadrennial assessment. It included a constructive program of administration for the appraisal and assessment of real property in Cook County. This analysis was the subject of a formal report to the county board and to the public in the summer of 1927. The report was printed by the board of county commissioners and widely circulated by the commission.

FORCE PUBLICATION OF ASSESSMENT LISTS AS LAW REQUIRES

It had become evident to the commission quite early that little could be done to influence the two boards in the

direction of improving assessment administration in 1927. The need for a protracted campaign was evident. Upon the completion of the Simpson studies and the report upon administration, the joint commission undertook a campaign of public education to arouse interest in the subject. The one fundamental difference between taxation conditions in Cook County in 1927 and in France under the Louis's prior to the French Revolution was observed. Private citizens could not be guillotined in Cook County in 1927 for talking about the way taxes were collected. Under the Louis's they could be. In the course of a few months talks were made on the subject before scores of groups and organizations scattered throughout the county. Considerable publicity was given to the subject matter by the large newspapers. The local community papers also filled their columns with the subject. Public interest soon developed to rather satisfactory proportions.

There had long existed a statute requiring the publication of assessments. It had been ignored for thirty years. In the latter part of 1927 the joint commission proposed a plan to the county board for the publication of real estate assessments, identifying individual properties by street and house number and by lot dimensions. The plan was referred to the state's attorney and to the attorney general for opinions as to its compliance with the statutory requirements. The then state's attorney considered the matter. He finally decided that it was a subject upon which he preferred not to give an opinion. The attorney general rendered an opinion to the effect that the proposed plan was within the requirements of the law. The whole matter was called to the attention of the state tax commission in a formal presentation. The immediate outcome of the

presentation was an order by the state tax commission to the local assessing officials to publish real estate assessments by street and house number and lot dimensions. The attorney general's opinion made it tough to contest openly the validity of the order of the plan. The outcome was the publication of real estate assessments in the summer of 1928 for the first time in thirty years.

REVELATIONS AROUSE PEOPLE

The publication of these assessments automatically became public education with a vengeance. The newspapers played a tune on the subject for weeks with illustrative pictures. The obvious irregularities and inequalities within each block of street frontage became the common subject of discussion at nearly every gathering of people throughout the city. Real estate assessments were compared by the women over the back fences. They were discussed at bridge clubs, forums, poker parties and wakes. It was the gas bomb tossed into the basement. Individual members of the board of assessors were hounded by irate citizens from daylight till midnight, telling them plenty.

In April, 1928, the first tax bills based upon the new 1927 assessments were sent to the people. This was prior to the publication of the assessments. The new assessments were simply a telescoping upward of the old ones. There had been considerable discussion of the inequalities for months. The termination of the tax collection period was a small riot. The owners of forty thousand parcels of real estate filed suits in the courts to enjoin the collection of taxes upon assessments in excess of 36 per cent of the value of property. The subject of assessment administration was hot even before the publication made it hotter.

STATE COMMISSION ORDERS REASSESSMENT

In May of 1928, the state tax commission recognized the injustice in the situation and the wave of resentment among the people. The order for publication was followed by an order for a complete reassessment of all real estate in 1928. This order was issued in May. It preceded the actual mailing out of the assessment lists.

Politically the state tax commission could have sidestepped the entire mess quite plausibly. But for the chairman, it would have done so. The chairman had protested against the statement of the oppressive 60 per cent fiction in 1922. Following the 60 per cent statement, the controlling faction upon the commission had virtually slammed the door in the face of the farm organizations. Their complaints against assessment conditions throughout the state received little consideration. A reorganization of the commission took place a couple of years later. The present chairman came into a position of leadership and the door was opened to complaining groups, particularly the agriculturalists. When the facts relating to Cook County were presented to the commission, along with thousands of informal complaints from citizens, the chairman headed into the mess without much consideration of political alignments and consequences.

Before the close of the legislative session in 1927, a bill was passed, providing for a legislative revenue committee. No action was taken upon this bill by the then governor until the smoke in Cook County began to get pretty thick in the early part of 1928. In May the governor appointed a committee, which proceeded at once to hold hearings in the Chicago City Hall. The committee served a useful

purpose in dramatizing the situation, and in fanning the flames of public indignation.

Following the issuance of the reassessment order, the lawyer-politicians were of the unanimous opinion that the tax commission had exceeded its authority. There was a difference of opinion among the lawyers. The assessing officials decided to sit tight. The culmination of this deadlock was a special session of the legislature in June, 1928, to clear up the controversial points in the law defining the powers of the state tax commission. This seemed preferable to long, drawn-out litigation. Such legislative action was possible at that time because the governor was willing to call a special session. A special session always puts the boys on the spot. When a member fails to attend, fails to vote, votes for or votes against a particular bill, it is painfully conspicuous. A sufficient number of the members attended and voted for the necessary bills to secure their passage. The state tax commission immediately reissued the reassessment order. It was followed by the issuance of a set of rules, outlining the method of appraisal as the basis for the reassessment. These rules are commonly known as Rule 14.

STRUGGLE TO AVOID REASSESSMENT

The period from May until December of 1928 was one of continuous controversy. The question as to whether a reassessment should or should not be made was regarded as a political rather than a legal problem. A lawsuit was filed, advancing the contention that the state tax commission act was unconstitutional. This was heard in September and dismissed. An appeal was taken to the Supreme Court, which has not yet handed down a decision. There was in effect a battle between two rather powerful forces.

On the one hand, there was a strong wave of public opinion, fortified by the legal necessity for making a reassessment. On the other hand there was all the power of organized machine politics. Its leaders were confident of their ability to change the laws, to change the tax commission, and to make a political deal, which would obviate the legal necessity of a reassessment. The chairman of the tax commission was propositioned and threatened in turn by experts.

The high spot in the political campaign of opposition to the reassessment was a series of full-page ads in the Chicago papers. They were put in by a member of the board of review as part of his campaign for reelection in November. In these ads a promise was made to classify arbitrarily real estate for assessment, assessing homes at 20 per cent, and certain kinds of business property as high as 40 per cent. The ad contained an attack upon the tax commission, the reassessment order, upon the joint commission, and the motives of its chairman. It contained some gross misstatements of fact. The substance of the ad was both plausible and comical. It was plausible because the principle of legal uniformity was attacked as oppressive to the home owners. It was comical because uniformity would represent a utopian condition for the home owners in comparison to the practice at the end of twelve years' incumbency in office by the candidate. He was reelected by a small margin. The opponent carried the handicap of being one of the effective attorneys for a well-known Chicago citizen now vacationing in a Pennsylvania hoosegow.

The drawn-out controversy came to a showdown as a result of the final effort to make the political fix necessary to sidestep the reassessment. A member of the board of assessors and a mem-

ber of the board of review appeared before the Commercial Club. They explained that the reassessment according to Rule 14 was a wonderful thing, but should be done at some later time. It was suggested to the Commercial Club that its members should supply the respectable backing in an effort to convince the governor-elect that the personnel of the state tax commission should be changed and the reassessment order rescinded. Able representatives of this group looked into the situation. They were soon convinced that the reassessment order had established the legal necessity of making a reassessment. It was a legal matter not subject to a political fix. Legal rights had been established. They could not be altered by removing, hanging or frying the chairman of the state tax commission, or by repealing the order.

BANKERS FORCE HAND OF POLITICIANS

It so happens that the local governments in Cook County finance their expenditures each year by borrowing in anticipation of the taxes collected the following year. The banks had advanced loans to operate the government in 1928 in anticipation of the taxes collectible in 1929. Representatives of the banking group saw that their security was seriously imperiled. The peril increased as the assessing officials persisted in their efforts to avoid making a reassessment. The assessing officials and others were informed that the necessary loans to operate the government during the year 1929 would not be forthcoming if they didn't stop stalling. They were advised to get down to business in appraising and reassessing real property and to forget the idea of political magic.

It was not a personally pleasant or agreeable thing for the assessing officials to brook public sentiment in the

matter. There were apparently some very compelling reasons for desiring to avoid a reassessment. Public sentiment and the legal necessities of the situation were not sufficient to get the work under way seriously. When the voice of that celebrated citizen, Mr. John Dough, was added in the public interest, the wheels began to turn. Here was the persuasive voice of the single and sacred idol of professional politics. That was the end of the milling around.

APPRAISAL BEGUN

The resident manager of an appraisal company was appointed by the board of assessors to organize a staff and direct the work of appraisal and assessment. This was a few weeks prior to the incidents related above. When the work got under way seriously, it was winter time. This was a real handicap. A force of employees was organized to measure and appraise each building according to a complete set of rules summarized in a manual. The director of the revaluation work was given a free hand in the selection of the actual appraisal staff. The building measurers were recruited through political channels. This compromise with practical politics was reasonably successful. The director was given the power to hire and fire, and he used it sufficiently to make sure that he had it. The appraisal as such was practically completed by August of this year.

When the approximate total appraised value of all real estate in Cook County was added together, it was found that the former total assessment of real estate in the county was approximately 37 per cent of the appraised value. This was very close to the average relation of assessments to value indicated by the Simpson studies. A formidable body of information gath-

ered by various groups, and particularly the agricultural group, indicated that 37 per cent was the average relation of assessments to full value throughout the state outside of Cook County. The board of assessors formally decided that 37 per cent of the appraised value of each property should be the assessed value in the reassessment.

WILL APPRAISAL BE THE BASIS OF ASSESSMENT?

Making a correct appraisal and basing an assessment thereon are two different things. The forces in the county, working for uniform taxation of real property, did not desire an appraisal for the sake of an appraisal. They wanted the reassessment to be based upon it. These circumstances led to the promulgation of what is commonly referred to as Rule 15 of the state tax commission.

It has been the time-honored custom in the county for the individual members of the board of assessors and of the board of review to revise individual assessments at will without the formality of any board action. Needless to say, 99 per cent of such revision was downward. This revising process by the members of the board of assessors was practically all year round and continuous. There was no "closed season." There was an "open season" and a "closed season" so far as the board of review was concerned. The "open season" was during the period each year when the assessment books were turned over by the board of assessors for review, revision, correction, equalization, and so forth.

For a number of years the volume of complaints filed with the board of review have been constantly increasing. In 1927 they approached the hundred thousand mark. This was a logical consequence of the policy of extending

to the small fry politicians the privilege of dictating a limited number of assessments. The number was constantly becoming less limited. The life of any successful business is customers. The political machinery was organized to get them. They came in constantly increasing numbers. On account of their numbers, they could not be handled with any civilized, orderly procedure in the limited time available. The board of review has a hearing room with three high desks at one end. It has been the practice to assign the complainants to one of three lines, when they expressed no preference. Each line passed up to one of the three "thrones." Complainants were marched along in a "triple breadline" formation. Assessments were dispensed on the basis of these short, exparte hearings. "Real folks" with valuable properties and impressive attorneys were often given more formal hearings before the board as a whole.

Rule 15, as prescribed by the state tax commission, requires that all changes in assessments based upon the appraisal as made by the staff shall be authorized by board action. It must be taken in a meeting of which minutes are kept, showing the vote of the members and the reasons, if any, for the revision. This rule applies to both boards. A copy of the minutes of each board and an abstract of the changes must be filed with the tax commission. At the present time the board of assessors is proceeding in an orderly manner, according to the rules, to hear complaints against the appraisal and assessment. The members of the board of review have indicated their intention to do likewise. The appraisal as made gives every promise at the present time of being the basis for the assessment. It is probable that there will be few alterations in individual assessments not recommended by

the chief of staff in charge of the work. Rule 15 imposes sensible changes in the method of procedure. Attempts to ignore or evade the rule are certain to result in wholesale litigation.

CHANGES IN ORGANIZATION RECOMMENDED

In a report issued in June, 1928, the joint commission called attention to the impracticability of the existing form of assessment organization. It was pointed out that it was entirely unsatisfactory by reason of its decentralization of responsibility and authority. It was recommended that the organization should be replaced by one providing for a single county assessor who should be a member, secretary, and chief executive officer of a board of review to consist of three members. It was suggested that the other two members should be officials appointed, one by the president of the county board, and one by the county treasurer. The impracticability of the existing organization is becoming very evident in the reassessment. With the functioning of these two boards in an orderly manner according to Rule 15, there is a cumbersomeness, which contributes nothing beneficial.

There is now so much due process of law that it may be practically impossible for the complicated organization annually to go through the orderly procedure necessary. It will be difficult, if not impossible, to prepare assessments upon which taxes can be collected once every twelve months.

EFFECT ON GOVERNMENT FINANCES

One of the important incidental results of the reassessment is its effect upon the finances of the various local governments. The equalization assessments upon a uniform resulted in a decrease in the value of real estate within the

Chicago of approximately \$450,000,000 and an increase of a like amount in the county outside the city. With the existing system of tax rate limitations, this has necessarily reduced the revenues of the city government and the park boards. The collection of taxes, ordinarily payable in April, 1929, will be delayed from eight to ten months. By the end of this year, there will be temporary loans outstanding in anticipation of the taxes of two years, the money having been borrowed to finance the local governments during 1928 and 1929. For a period of several years some of the major local governments have been spending money each year in excess of revenues. The pending reassessment was used as the plausible basis for estimating substantial increases in revenue, authorizing appropriations and borrowing money thereon. For the city of Chicago the total assessment has been decreased \$450,000,000 instead of increased \$250,000,000, as estimated. The reassessment is forcing a showdown in the whole matter of financing by borrowing more than a year in advance of tax collections. This condition was bound to result in serious trouble sooner or later. The reassessment has brought it a year or two sooner than it would have come otherwise.

Some city officials are blaming the reassessment for financial difficulties,

which are in part the result of unsound financing for several years. The reassessment is meeting with such wholesale public approval that it is politically dangerous to shout that it is all a mistake. One outcome sooner or later, and probably sooner, is certain to be an abandonment of the exceedingly expensive and uncivilized method of financing local governments each fiscal year by borrowing in anticipation of taxes collectible during the following fiscal year.

The immediate result will be the reestablishment of the constitutional requirement of uniform taxation of real estate for a period of time. The length of time for which it is reestablished will depend upon the length of time public interest is concentrated upon the subject. The natural inclination of the political elements will be to settle back to the old basis. This cannot be done safely until the tremendous present public interest subsides. In the immediate future, the subject is too hot for the old style of play.

The most valuable results will come in public education along several lines. One of these lines is a practical demonstration to the people that they are not entirely helpless in the hands of machine politics. An attack upon a particular abuse, based upon cold information and headed by intelligent leadership, can make progress.

THE MERIT SYSTEM IN CHICAGO AND COOK COUNTY

BY EDWIN O. GRIFFENHAGEN

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The merit system is administered with varying degrees of fidelity in the governmental units in and about Chicago. :: :: ::

THE problem of securing good administration in local government usually has at least three aspects involving questions of organization, of personnel, and of procedure. In Chicago at this time all three of these questions are receiving an unusual amount of attention. The need for better administration has been widely advertised to the community as a result of the financial predicament into which a decentralized and incompetent administration of local affairs has fallen. The simplification of the governmental structure is being urged with ever increasing force; the loose and unintelligent way in which public business is transacted, especially in its financial aspects, is being generally discovered.

Even the personnel problem is being taken seriously.

The expression "even the personnel problem" is used advisedly because for many years only a small group of citizens have seen the fundamental and all-controlling importance of this problem. But now it has become known that the partly successful attempt to capture the civil service for patronage purposes has been at the root of all of the city's trouble. It has been responsible for both positive and negative ills. It has held vicious factions in control; and it has lowered greatly the quality of the service of public employees.

EFFECTIVENESS OF GOVERNMENT DETERMINED BY ADMINISTRATIVE STAFF

The existing situation with respect to what is commonly called the "civil service problem" as it exists in Chicago, Cook County, and the metropolitan area, is the subject of these remarks. Few people realize the tremendous importance of the personnel problem. Even those citizens who interest themselves earnestly in proposed legislation and who take part in periodic efforts to elect good men to public office fail, most of them, to recognize the fact that our laws can do little more than indicate the general objectives sought and that elective officials who come and go can influence only temporarily the quality of public administration. There is a striking lack of concern on the part of the general public with regard to the selection, appointment, or tenure of the men who carry on the routine business of government. This indifference exists despite the significant fact that innumerable questions of policy, of method, and of ways and means of interpreting and enforcing laws are left to the administrative departments and bureaus, and that the effectiveness, the quality, and the cost of our government are determined by the employees who make up the civil service.

The people of Chicago entrust their city government to some 36,000 men and women; the people of Cook County pay the salaries of well over 4,000 to handle the county's business; and if we add the employees of the sanitary district, of the park systems, and of the smaller local units, we arrive at a total of over 50,000 employees in the Chicago area and a payroll of well over \$100,000,000. And these totals do not include either federal or state employees operating in the Chicago area.

THE CIVIL SERVICE LAWS NOW IN EFFECT

But the people of Chicago have in the past dealt rather successfully with this fundamental problem of good government and are again endeavoring to meet present needs. These past activities and present endeavors should be of interest in this series of comments on the public affairs of the city. In 1895 they secured legislation applying the principle of the merit system in the city of Chicago and in the so-called charitable service of the county of Cook. In 1905 the state civil service act was passed. In 1911 a very progressive act applying most of the approved features of a modern personnel system to the three large park districts in Chicago was adopted and, in the same year, a comprehensive county act covering all of the fee offices in Cook County and replacing the 1895 act was adopted. Also in 1911, the 1905 state act was modernized and extended to cover all departments of the state government. The comprehensive 1911 Cook County act, however, was declared invalid on a technicality several years later.

So today, all the public employees in the Chicago area fall within the purview of four civil service acts now on the statute books of the state of Illinois with the sole exception of the em-

ployees of the sanitary district of Chicago (fewer than 1,000 under normal conditions), the employees of the fee offices in the county of Cook (somewhat over 2,000), and the employees of the municipal court.

The civil service law applying the merit system to the city of Chicago proper is, of course, the most important of the laws in effect as it applies to the largest of the local services. It is also typical of civil service legislation in Chicago up to date. It provides for a commission of three, one member to be of the minority party, appointed by the mayor. It contains provisions establishing principles many of which were well in advance of their time when the act was adopted. It provides for the testing of candidates with reference to their ability to perform the duties of the place for which they seek appointment, the selection of the top name on the eligible list, specifies a probation period, applies the merit system to promotions as well as to original entrance, governs removals, deals sternly with improper political activity, and sets up penalties for violation of the provisions of the law. It limits exemptions to a relatively few places definitely specified and gives the commission no authority to extend the exempt list.

As has been said, the city law was far in advance of its time when drafted and even today in its provisions covering the choice of the highest eligible, controlling removals, limiting exemptions, and the like, it is far in advance of federal civil service legislation or the statutes governing such important jurisdictions as New York and Massachusetts.

The weaknesses in the city act, and in the very similar state and county acts, are threefold. The enforcement of the law is left to men appointed by the political head of the government

without reference to their qualifications but with distinct reference to their political affiliations. The result of this is that the mayor, if motivated by political ambitions or controlled by party bosses, is strongly tempted to appoint men who will give as much thought, if not more, to ways and means of breaking down the merit system from the inside as to ways and means of carrying out its provisions not only in letter but in spirit. Furthermore, this type of commission is extravagant, providing as it does for three salaried men, never more than one of whom gives an appreciable amount of time and no one of whom is ordinarily equipped technically for the work. The second weakness lies in the indefiniteness of the clause permitting temporary appointments "to prevent the stoppage of public business or to meet extraordinary exigencies," originally intended to answer the objections of those who did not want the law to be too rigid and insisted on flexibility to meet special conditions. This provision has been a loophole through which the enemies of good government have taken advantage of an apathetic public.

The park law adopted in 1911 is somewhat different in form from the city, county, and state acts in that it provides for a civil service commission of three—only one of whom is a paid full-time officer, the so-called superintendent of employment. The other two are chosen from the park commission. The superintendent of employment has certain executive powers in his own right, although the rule-making power rests with the board of three. But here also the choice of the superintendent of employment is left with the park board which may at times be controlled by a politically-minded majority. However, except under these circumstances, it has proved to be a more simple and economical form for

administrative purposes than the standard commission of three.

It is noteworthy that there have been practically no amendments to any of the four Illinois civil service acts with the exception of the state act, which was weakened under the Lowden administration by an emasculating change in the provision protecting employees from arbitrary removal. Time has proved that those officers of the Civil Service Association who protested against this backward step were entirely right. In the years that followed, every possible advantage was taken of the opening thus made in the barricade against spoils raids.

THE ADMINISTRATION OF THE LAWS

The Chicago area, with its five local civil service commissions, furnishes varied examples of what the administration of civil service law may be at its best and what it is at its worst.

The Civil Service Association of Chicago aims to keep itself informed as to the quality of the administrative work of each commission. In the course of its inquiries it has again brought out clearly that two requirements must be met if a commission is to administer the law in a way to secure the results intended. The commission must be free to obey the law in its letter and to apply it in its spirit and, more than that, the members of the commission must have not only the conscientiousness, but the technical skill necessary to render a real personnel service under the terms of the law. It has been found, as has been intimated in an earlier statement in this article, that the greatest weakness in the Illinois laws is that they permit the appointment of men who are willing to nullify the intent of the law by a "do nothing" attitude, by refusing to hold examinations, by permitting numerous temporary appointments of indefinite ten-

ure, and by resolving every question of jurisdiction against the public interest and for the spoilsman who seeks to pay the expenses of the party machine through the public payroll.

An encouraging example of good administration is that of the civil service board of the South Park District. When the parks act went into effect in 1911 the writer had an opportunity to draw the rules and establish the organization and has naturally watched the operations of the employment machinery thus established with continuous interest. Colonel H. C. Carbaugh, the superintendent of employment since 1913, has carried out the letter and spirit of the law with honor and success. South Park Commissioner Michael L. Igoe, who also happens to be the minority leader in the Illinois legislature, has said: "We let the superintendent of employment run the office. There are never any difficulties. Our people are happy and they vote for us at election time. If these politicians—referring to certain members of the General Assembly—could realize that, they would vote for civil service."

Examinations are held in time and eligible lists are maintained for every position, including that of common laborer. Temporary appointments are made only in cases of *bona fide* emergency. Each one is subject to the scrutiny of the superintendent of employment as well as to the collective approval of the board. There are three general timekeepers on the office staff whose sole duty it is to make the rounds each day, check the attendance and work of every employee, and approve the payrolls according to their reports.

The following summary as of December 31, 1928, is of interest:

3,427 positions existing by ordinance
1,430 employees working during December
98 eligible lists in force

4,956 candidates took examinations for these lists
1,649 eligibles resulted
1,099 eligibles remained on lists at year end
204 certifications from eligible lists during 1928
28 examinations held during 1928
779 non-laborers taking examinations
247 non-laborers passed
1,150 laborers taking examinations
Temporary appointments for 1928 averaged 10 days each
Only 26 temporary appointees during December working for an average of 12 days each
1.8, percentage of temporaries to total employees

The other two park districts in Chicago are under the control of commissioners appointed by the governor, and the attitude of the governor who preceded Louis L. Emmerson is reflected in the character of the civil service administration to be found in those districts. The law has been naïvely interpreted to exempt positions of department heads at the top of the service and positions of laborers and those akin to laborer in the lower ranks. Few examinations were held, few eligible lists were kept available, temporary authorities were the rule, and at times the work in the superintendent of employment's office has been actually concerned with the problem of dispensing patronage. Lists and records have been kept there for use in distributing opportunities for temporary appointments to wards.

The West Chicago Parks system which at one time constituted a model of effective civil service administration in the United States (when Fred G. Heuchling was superintendent of employment) has fallen to a low level of administrative efficiency. Whereas in 1915 only $\frac{3}{4}$ of 1 per cent of the total salary expenditures were paid to temporary appointees, in 1928 $42\frac{1}{2}$ per cent was paid to such employees.

The administration of the county civil service law is of an indifferent character. It is not by any means

what it might be, yet it is of a materially better quality than has prevailed in recent years in the Lincoln Park District and the West Chicago Park District. As has been explained, out of a total of about 4,500 county positions, about 1,900 come under the civil service act of 1895. During 1928 at least 40 per cent of these positions were filled by temporary appointees. The examination work during the year was entirely inadequate and resulted in the posting of only 19 new eligible lists.

There are over thirty thousand employees subject to the jurisdiction of the civil service commission of the city of Chicago. The law in the city has been poorly administered through both Thompson administrations, and in the Dever administration its work was not brought to a very much higher standard.

However, public opinion, aroused by the laxity of law enforcement and by the city's financial crisis, has recently expressed itself as to the debauching of the civil service and has forced a change in attitude. The president of the commission has been dropped in disgrace and the new president seems to be trying to reestablish some degree of confidence in the commission's intentions and work. Examinations are being called and the work of the civil service office is undoubtedly being speeded up. It is too early to say whether the temporary authority abuse is being voluntarily corrected, or is to get the administration into real trouble.

RECENT LEGISLATIVE EFFORTS

The Civil Service Association of Chicago has had an unbroken record since 1881 of leadership in the efforts of the citizenry of Chicago to substitute the merit system for the spoils system and, in more recent years, to perfect the methods of personnel administration in the local governmental bodies.

It has been responsible for such legislation as is now on the Illinois statute books, and for all attempts of recent years to strengthen existing laws by stopping up the loopholes revealed by experience and to extend the merit principle to those few remaining parts of the public service not now under the protection of any statute. Its bills introduced session after session have since 1911 met with consistent defeat. Nevertheless, during the session of 1929 they met with a very different reception from that accorded them in former years, a reception sufficiently encouraging to make it practically certain that at the next session they will be passed unless there is an unexpected dropping off of public concern over the condition of Chicago's local government. Two 1929 bills passed the house almost unanimously but were lost in the eleventh-hour jam in the senate.

Three major bills were drafted and sponsored by the Association. House Bill 155 provided for a modern and comprehensive employment system in the service of the county of Cook covering all departments and all positions except those of elective officers themselves. House Bill 231 was similar in form and was applied to the service of the sanitary district of Chicago. House Bill 284 carried three important amendments intended to strengthen the present state act. The county and sanitary district bills were drafted along lines conforming to the trend of the best modern thought with respect to civil service legislation and public employment practice. They constituted an attempt to incorporate the teachings of over thirty years' continuous experience with civil service legislation in the Chicago community, and to supply the deficiencies in existing statutes revealed by this experience.

Specifically, the bills were drafted to

meet the administrative weakness, already discussed, flowing from the idea that the political head should appoint the commission. They provided for an independent agency in a position to enforce the mandate of the public to the effect that public employees shall be selected on a basis of fitness for the work to be done without regard to political interests. They did this by providing that a special examining board made up of qualified men should advertise to the world that an employment commissioner is to be engaged to administer the civil service law, and should select from those competing for the place the man best qualified by experience and technical ability, through inquiries and tests that would prove beyond doubt that he is best qualified. They provided that the employment commissioner thus chosen should be protected from removal while doing his duty. It need hardly be said that the bills made adequate provision against the temporary-authority evil in the jurisdictions covered. They were also unique in that they took the natural employment processes—classification, tests of fitness, preparation and maintenance of eligible or employment lists both for original appointments and for promotion, regulation of the service through systematic handling of transfers, leaves of absence, suspensions, and removals—all in their logical sequence and established the essentials of an adequate and effective procedure. The Association submitted its drafts to the officials of the jurisdictions involved and after some difficulty secured as much discussion as it could under the circumstances expect from these officials. In the case of the sanitary district, the board of trustees committed themselves to the proposed

legislation. In the county service, governed as it is by over a score of independent department heads and commissioners, it was difficult to get unanimity.

There were three hearings on the bills before the civil service committee of the house of representatives. The hearings were well attended and finally the bills were reported out with the unanimous recommendation that they do pass. But then began a long and unexplained delay in spite of every effort to secure a vote at appropriate times. This delay eventually resulted in the death of the bills. It was reported that the county bill was to be killed in the house and the sanitary district bill in the senate. The spoilsmen had to watch two points: first, whether they were going to restrict their future patronage possibilities by letting the bills through at all; and second, if they did pass, how many of their respective followers were already employed so that they would be "blanketed in" without original examination. The net result on the county bill was an amendment that split the house in two, costing most of the support of the minority party. With the normal absentee vote the bill failed to receive a constitutional majority although there were only six negative votes. The sanitary district bill passed the house by a vote of 99 to 3 but had been delayed sufficiently long to make an additional delay in the senate fatal. It died there on second reading on the last day of the session.

The short bill amending the state civil service act in three very desirable particulars shared a like fate. After passing the house by a vote of 82 to 6 it developed that the administration was opposed to it and it was not given a committee hearing.

SIMPLIFICATION OF GOVERNMENT IN METROPOLITAN CHICAGO

BY J. L. JACOBS

Director, J. L. Jacobs & Company, Chicago

What could be accomplished by consolidation of the 415 local governments in the Chicago area. In Cook County alone there are 650 elective offices. :: :: :: :: :: :: :: :: ::

CHICAGO has made wonderful progress in physical development and beautification through planning and execution of civic improvements along the lines laid out in the Burnham Chicago Plan of 1909. The existence and prosecution of the Burnham Plan under the guidance of the Chicago plan commission has directed Chicago's physical development along coherent lines. The hundreds of millions of dollars required for such development have been returned many-fold in Chicago's physical and economic growth and social improvement.

Accepting the doctrine that proper physical development of a metropolitan region is independent of municipal boundaries, the Chicago Regional Planning Association has since 1925 been successfully helping in the coördination of plans of physical development in the various local municipalities. In this manner a plan for harmonious development of the Chicago regional area may be attained.

Equally great opportunities are afforded the taxpayers, civic agencies and public officials in the development and prosecution of well considered plans for coördinated and simplified government and sound revenue and fiscal system within metropolitan Chicago. The development and prosecution of such plans will tend to direct the movements of the numerous separate agencies in accordance with coherent and sound

schemes of governmental structure and public administration, with resultant great reduction in the inevitable waste that comes from haphazard overlapping governmental machinery and unsound and pernicious fiscal administration.

The public operating and capital expenditures of the 415 or more local Chicago and Cook County governing bodies now exceed \$350,000,000 annually. Recurring financial crises and increases in taxes and floating debts have not brought proportionate increases in public service. Consequently the movement for the complete reconstruction, consolidation and simplification of governmental machinery and for a sound fiscal system has attained considerable momentum recently.

POSSIBLE SAVINGS TOTAL MILLIONS

It is estimated that the average amount of public service rendered for each dollar of public money expended runs as low as 25 per cent in some governmental departments and as high as 80 per cent in the better administered departments.

Using conservative figures of from 10 per cent to 20 per cent decrease in cost of government through unified and balanced public services and businesslike fiscal and operating administration, the taxpayers in Cook County stand to save from \$35,000,000 to \$70,000,000 annually on the basis of

present expenditures by the local governments. The tax burden can be reduced at least to this extent. Or if the taxpayers desire, some of these millions can be made available for necessary public works and improvements, for increased police protection, for more recreational, health and school facilities or for other laudable purposes, without an increase in taxes or the issue of bonds. The amounts which can be saved annually will be more than sufficient to take care of these and still permit large reductions in the present aggregate local tax burden.

Unless definite planning and action are taken, however, government in metropolitan Chicago will drift as in the past and if one measures the future by gauging the past, the taxpayers may look forward to greater maladjustments, recurring financial crises, and higher taxes with each succeeding year.

415 LOCAL GOVERNMENTS

The fundamental causes for ineffectual and expensive administration and recurring financial crises in the local governments in Chicago and in Cook County are the extreme decentralization of administration and the antiquated and unsound fiscal practices.

No community in this country presents a greater complexity and multiplicity of political units. The administration of the local public services in Chicago and Cook County is divided among some 415 independent or semi-independent governments, each having tax-levying and borrowing powers.

Within the city of Chicago there are some 31 distinct and independent local governments embracing the area in whole or in part. In addition there are at least six semi-independent tax-levying agencies, the tax levies of which are spread by some of these local governing bodies. These include the city

and county governments, the sanitary district of Chicago, the Chicago board of education, the Chicago library board, the municipal tuberculosis sanitarium, the forest preserve district, twenty independent park districts, two mosquito abatement districts, and two operating and six non-operating townships.

In Cook County outside Chicago there are approximately 380 additional independent and semi-independent governmental agencies, with independent tax-levying and spending powers. These include some nine cities, 76 villages, 30 townships, 192 school districts, over 25 park districts, over 40 road and bridge districts, two sanitary districts, and a number of miscellaneous district agencies.

In the case of most of the larger taxing agencies in Chicago and the cities and townships in the country towns in Cook County each of the tax-spending bodies levies separate taxes for specific purposes in addition to the general or corporate tax levy, thus making even a larger number of tax levies than local taxing bodies. The county clerk in extending taxes for the various taxing bodies has to make computations for over 450 separate tax levies. Few, if any, sections within Cook County are subject to less than seven independent governments and in some instances have more than twice that number of special tax levies for specific activities or semi-independent tax-spending agencies.

On the basis of the experience in other metropolitan communities, the simultaneous operation and spending of public monies by twelve or fourteen independent or semi-independent public agencies in any particular section is an absurdity. Responsibility is divided and diffused because administration of public services of a metropolitan character directed to the same major

purpose is scattered over separate and independent governments. Local governmental machinery has just grown and each governmental unit has taken on regular and special activities with little or no reference to existing services. Whenever a new activity has been provided, it has been thrown wherever it happened to be most convenient at the time and without thought of sound and responsible organization.

THE LOGICAL RESULT IS ILLOGICAL GOVERNMENT

The logical results of such haphazard development in governmental organization are (a) confused distribution, duplication and overlapping of governmental mechanisms and services, (b) lack of centralized responsibility and reasonably effective and economical administration of metropolitan public services, (c) unnecessary duplication of overhead, (d) conflicts in authority, (e) extravagance and waste of public monies, and (f) increasing spread between the increased costs of local government and returns.

The existence of metropolitan Chicago raises special metropolitan governmental problems. Unification and consolidation of the multiple local governments and centralized administration of public services of a metropolitan character and the combination within territorial limits of the decentralized administration of purely local matters, together with a rigid and sound fiscal system for all the governments, will not only result in great increases in efficiency and large savings but will further the physical, economic and social development of all sections in the Chicago metropolitan area.

DISTRIBUTION OF LOCAL GOVERNMENTAL FUNCTIONS

The immensity of the local government enterprise may best be visualized

when it is known that the 415 local governments are now spending over \$350,000,000 annually; that they employ over 60,000 employees and many thousand part-time employees, receiving salaries aggregating over \$75,000,000 annually; that these governments in 1927 had funded debts of over \$250,000,000 and have floating unfunded debts now probably in excess of \$200,000,000; that they own, operate and maintain properties, buildings, equipment and public works running into the hundreds of millions of dollars; and that they are engaged in the planning and execution of extensive public improvements which are vital to proper growth and economic development of the entire Chicago metropolitan area.

Some of the independent and semi-independent tax-spending agencies have more or less definite but varied procedures for the budgeting of revenues and expenditures. There is no central planning, balancing control or check of the fiscal administration and affairs of these agencies.

Each agency has its financial accounting and purchasing organizations and most of them boast separate police, health, engineering, construction, and other public service units. Likewise, millions of dollars of plants, equipment and tools are owned and used independently. There are the independent city, park, county, highway, forest preserve, township and village police forces. Provision for a metropolitan police force would result in more effective policing and protection to life and property. With it there also would come fixed responsibility and increased efficiency in police administration.

The independent park organizations with separate financial, recreational, police, engineering, construction and maintenance forces operate in the

different park systems with resultant diffusion and duplication in organization and plant and more or less unbalanced development. Planning, designing, construction, and maintenance of extensive public works and of surface and underground improvements are similarly diffused as they are maintained by the independent agencies.

Examination of purchasing organizations and methods discloses that these are entirely lacking in the primary principles established in business and in many governmental services. In most instances, the practice is for each of the departments to make independent purchases without definite standardized specifications, wide competition or central check as to quality, quantity, or price of goods ordered and delivered. Ineffective organization and scattering of governmental purchasing results in such obvious wastes and losses as to require little discussion.

Experience in industrial and governmental organizations where modern purchasing methods have been established has shown that large savings result through centralized purchasing, standardizing of supplies and materials, buying in larger quantities, and through increased facilities for competitive bidding.

Under the above conditions the operation and maintenance of these separate 415 or more local governments makes for unbalanced tax levies and excessive budgeting of public revenues and expenditures. Increasing taxes, debts and deficits are now causing stagnation of certain public services, postponement of needed public improvements and generally lowered community support of most of the governments in metropolitan Chicago.

CONSTITUTIONAL HOME RULE FOR CITIES

As a result of a series of discussions in 1927 before the Chicago Institute of

Local Politics, composed of delegates from a number of local civic organizations, a summary statement of some of the existing conditions, shortcomings and needs of local government, as well as avenues to betterment, was formulated.

In the statement of findings of the Institute, it is emphasized that the securing of all reasonable powers of self-government or home rule is a prerequisite to substantial betterment.

Following is an excerpt from the Institute's findings on this subject:

The city of Chicago, along with other cities of the state, is powerless to effect any extensive reorganization in its government without the consent of the legislature. It is undemocratic, politically unsound, unjust, and harmful both to the state and to the cities for the legislature to retain as large a control over the government of municipalities as it now has. Constitutional home rule for cities, such as has been granted in various other states, is the avenue which leads to thoroughgoing revision of the structure and operation of the governmental system of Illinois cities and it is an indispensable prerequisite to the full satisfaction of the needs of Chicago enumerated above. . . .

SOME FISCAL PROBLEMS AND PRACTICES

Some of the results of the extremely decentralized and uncoordinated government in Chicago and Cook County are directly reflected in the fiscal administration and the serious financial condition of the various local governments.

It is generally recognized that careful planning, budgeting, and holding expenditures within revenues are essential for proper and efficient administration. Such planning and sound budgeting involve consideration of available revenues and of the needs and services to be performed, and the balancing and control of the expenditure of public monies for current operation and permanent improvements.

Notwithstanding the magnitude and

complexity of the public business which is carried on by the local governments, there is at present no uniform budget law applicable to all local governments requiring the preparation of financial estimates, the balancing of budgets and reporting of revenues and expenditures.

Recurring financial crises of most of the governments in Cook County are the direct result of the antiquated state revenue system and lack of centralized financial administrative control. These lead to accumulations of floating debts through the financing of current operation by temporary loans in anticipation of estimated revenues from taxes.

Consolidation and unification of the local governments and the passage of rigid budgetary legislation for all local governments must be obtained as protection against continued waste and recurring deficits. Proposals for higher tax rates and the extinguishing of the floating debts through special bond issues will hardly be sanctioned by the taxpayers until these improvements and safeguards have been obtained.

Sound fiscal administration is dependent also upon a system of control by one central responsible agency. It is necessary to balance periodically against one another the local public activities and to distribute the available public revenues after full consideration of the needs and requirements. Obviously the existence of the many separate and independent tax levying and spending agencies militates against the development of businesslike planning and systematic budgeting and control.

353 ELECTIVE OFFICIALS IN CHICAGO; 650 IN COUNTY

The large number of governing bodies means a large and increasing number of elective officials and multiplicity of elections. The number of different officials who are chosen by

popular vote within the city of Chicago now reaches the enormous total of 353. These include 16 national officers, 91 state officials, 81 county officials, nine sanitary district officials, 86 city officials, 50 park officials in the small park districts and 20 town officials of the townships partly within the city of Chicago.

Within Cook County the number of different elective officials reaches the enormous total of approximately 650. In each of the 30 country towns in the county voters are called upon to elect a supervisor, town clerk, local assessor, local collector, highway commissioner, and varying numbers of school supervisors, justices of the peace, and constables. There is also a police magistrate for each of the nine cities, 76 villages and 30 incorporated towns outside of those within Chicago.

Within Chicago each voter may vote for a total of 157 elective officials. In the country towns within Cook County each voter may vote for public officials varying from 140 to 150 in number.

The prevailing trend throughout the country is decidedly toward the shorter ballot and fewer elections. This trend is based on the knowledge that there is greater public interest with fewer elected officials and fewer elections. Other aids to honest elections and decreased election costs must include changes in existing laws to provide for central count, improved registration system, and increase in the size of election precincts. These measures will reduce the number of precinct committeemen on the public payrolls, and expenditures for judges and clerks of election, polling places, booths, and election supplies.

EMPLOYMENT AND CIVIL SERVICE ADMINISTRATION

Policies with reference to the appointment, compensation, promotion

and retirement of over 60,000 public employees, receiving salaries aggregating over \$75,000,000 annually, are as varied as the number of local governmental units themselves.

In many of the important local governmental divisions, including the sanitary district of Chicago, the county fee departments, the municipal court clerk and election commissioners' offices, and in practically all of the smaller local municipal corporations, the employees are appointed without application of the merit system.

Absence and maladministration of the merit system of employment in the local governments have not only served as a great handicap in recruiting and retention of competent help but have resulted in great waste in personal service expenditures. They also impair the efficiency and morale of all employees and the effectiveness and economy of public administration.

Extension of the merit system of employment in all the local governments, and an ultimate single personnel agency charged with the recruiting of all employees for carrying on of the public business, are essential if maximum returns in efficient public service and in economical administration are to be obtained.

OBJECTIVES AND NEEDS FOR RESPONSIBLE AND ECONOMICAL LOCAL GOVERNMENT

The precise nature of the plans for governmental consolidation can be determined only after exhaustive study of conditions in the different communities and the distribution, extent, and administration of public activities of a local and metropolitan character. Such plans will include some changes which can be put into effect without legislation where full-hearted cooperation of public officials is assured. Other changes must await statutory enact-

ment or revision and still others, amendment of the state constitution. With plans and procedure developed and with the regular presentation of the facts on administrative conditions and needs, effective support and aid should be forthcoming from the electorate for the necessary changes.

The more important elements of a plan for improvement are outlined in the following:

(1) Consolidation and simplification of local governments within the borders of Chicago and centralized administration of public services of a metropolitan character. These latter would include unified departments of taxation, finance, city and metropolitan planning, transportation, public works and improvements, health, police, fire, water supply, sewage, civil and criminal justice.

(2) Reorganization of the mechanism of metropolitan government along simple lines, with definite separation between legislative and administrative functions and the heading of the latter under a city manager.

(3) Combination and simplification of decentralized administration of purely local public services under territorial districts.

(4) Home-rule powers for cities and for the unified metropolitan government.

(5) Establishment of a board of estimate and apportionment as a common financial agency having the powers and duties of (1) estimating revenues and financial needs of all metropolitan and local public services and activities, (2) balancing governmental activities and services and apportioning of public revenues, (3) passing upon changes in tax rates and miscellaneous revenues, proposed bond issues, and all matters involving municipal indebtedness, (4) preparing long-term financial programs for basic public activities and

public improvements, (5) establishing adequate and uniform governmental accounting and operating and capital improvement procedure, (6) preparing and publishing consolidated reports on the activities, revenues, expenditures, debts, and other fiscal affairs, (7) developing and prosecuting the program for coördination and simplification of governmental organization and fiscal administration, and (8) investigating and reporting on other features of public revenues, expenditures, and debts as may be necessary and appropriate.

(6) Short ballot, fewer elections, and simplification of election procedure.

(7) Extension of civil service and public pension administration in all local governments, with an ultimate single personnel and pension agency for the metropolitan government.

(8) Revision of revenue laws to provide for a central tax assessment administration with equitable and definite system of assessment of real property; a constitutional amendment authorizing classification of property; and an income tax to take the place of the tax on intangibles.

(9) Uniform and rigid budget legislation for all local governments in Cook County as well as in the state.

(10) Uniform and adequate governmental financial accounting, cost and property record, and audit procedures.

(11) Long-term financing programs for public improvements, with gradual change to modified pay-as-you-go system for recurrent capital expenditures, excepting for self-supporting improvements.

(12) Simplification and standardization of administrative and office methods and practices, and utilization of modern labor-saving devices.

(13) Centralized purchasing administration, providing for standardization, wide competition, purchasing, and handling, contracting and delivery of supplies, materials and equipment along effective lines.

(14) Periodic simplified and consolidated reporting and publicity of activities of governments and of public receipts and expenditures.

The Citizens' Advisory Board on Expenditures, which was appointed early in 1928 by the board of Cook County commissioners and which submitted a preliminary report in January, 1929, on some of the local governmental problems, is considering a comprehensive survey into the local governments.

With active citizen interest and support in the development, presentation and prosecution of plans growing out of the survey and with the coöperation of the public officials, significant results should be obtained in the near future.

WINNETKA, THE MODEL VILLAGE

BY MRS. BENJAMIN F. LANGWORTHY

Former President, the Woman's City Club of Chicago

The secret of Winnetka's success is the continuous determination of her citizens to coöperate in making the village a good place in which to live. :: :: :: :: :: :: :: :: :: ::

WINNETKA lies on the shore of Lake Michigan eighteen miles north of Chicago, a part of the old Indian trail to Wisconsin, of which a few of the "guide trees" still remain to delight the hearts of story-loving children.

WINNETKA A REAL COMMUNITY

Its 12,000 inhabitants are mostly commuters and their families, men with business in Chicago who prefer to rear their children in a small town rather than a great city. Many of these men pay taxes both in Chicago and Winnetka. There is great wealth represented in the homes of the village as well as great simplicity, for here the business magnate and the humble clerk live in a community harmony that is rare and extremely wholesome.

Founded on New England traditions more than seventy years ago, Winnetka has retained much of the character of a New England village, with its town meetings and village caucuses where issues are frankly discussed and where candidates for municipal office are nominated without regard to political affiliations. By such means has the character of the community been preserved in spite of its rapid growth in the last decade.

Another important method of sustaining the simple character of the village is the policy of making no territorial annexations which are not definitely a part of the growth of home building, except in a few cases where

annexation would be a protection against some undesirable development over which control must be obtained.

VILLAGE ORGANIZATIONS ACTIVE

In addition to the four churches, there are many community organizations contributing to the spiritual and material welfare of the village. The chief of these is, perhaps, Community House. Its building is connected with the community church, which possibly because it embraces twenty-four denominations is called the Congregational Church, but it is not a part of the church for it is supported by popular subscription and governed by a board of trustees from the village at large. In Community House every type of social activity goes forward with an abundance that calls for skillful organization to prevent overcrowding. Gymnasium and Americanization classes, band practice, discussion groups, dances, Camp Fire, Boy Scout, American Legion, and religious education are among the vast number of other activities centering there. These occupy seven days in the week and are conducted by a director and a staff, aided by a large number of volunteer workers.

A Woman's Club with its own building, a Parent-Teacher Association, Rotary Club, Chamber of Commerce, Music Club, League of Women Voters and several improvement associations are all active in community

affairs. The last named are of great assistance in forming public opinion in support of proposed municipal plans and improvements, besides promoting their own neighborhood interests.

Winnetka is still governed under one of the few remaining special charters in the state. Granted in 1869, it is retained partly through sentiment and partly because it gives a goodly measure of home rule. It provides for a council composed of a president and six trustees, elected at large, for a term of two years, all serving without pay. Other elective officials are a treasurer, a clerk, a marshal and collector (whose functions, by preëlection agreement, are performed in the village business office), two police magistrates, and a library board of five members. (It is worthy of note that with one exception all governmental boards in the village have at least one woman member.)

MANAGER PLAN FIRMLY ESTABLISHED

Winnetka operates under a modified form of the council-manager plan, for Illinois has not yet passed legislation providing such government for cities over five thousand. In this case the position of manager is established by resolution of the council and the manager is engaged by them as general administrator of the village business. He is by training and education an engineer and has full charge of the municipally owned water and electric light plant as well as other departments of the government, with exception of the police department which the charter places directly under the president of the village.

Fourteen years ago the council-manager plan was an experiment in Winnetka. Now its position is so assured that no one ever questions it, even at election time. The system of delegating all administrative work to one man

who devotes all his time and energies to the task has made it possible to secure the highest-grade men in the village for the legislative and policy-deciding work of the council. They act on committees and keep in close touch with the executive work without having to neglect their own business for the actual performance of it. In addition, any housewife in the village will tell you what a comfort it is to be able to complain to some one at the head of affairs who will correct conditions immediately, without having to wait for husbands or village fathers to come home from the city.

MUNICIPAL ACTIVITIES WELL MANAGED

Through the long and careful work of its plan commission, Winnetka has developed and adopted a village plan. It has passed an effective zoning law and established a zoning commission and zoning board of appeals; this has made possible a drastic restriction of apartment houses and kept alive the village ideal of "houses with yards to play in." It has studied the grade separation problem, and after long negotiations with the railroads has made a definite start on the legal work of abolishing the level railroad crossing with its tragic possibilities. It has doubled the size of its utility plant, paying the cost of the enlargement from the plant's own earnings without incurring any bonded indebtedness; and electric rates are at the same level as those of privately owned public utilities of the state. In addition to producing its own electricity the village operates jointly an effective water-filtration plant which, as shown by daily examinations, insures a water supply which is rated as one of the best in the state. It has created a health department with a full-time director who is a public health physician. A "Well-Baby Clinic," in charge of a child specialist,

is maintained by this department in addition to the usual projects of such a department.

It has built for its own administrative needs a set of municipal buildings—village hall, fire station and service yard, all at a minimum of expense and a maximum of beauty and convenience. The village hall is the result of an architectural contest in which a group of prominent Chicago architects acted as judges. Chestnut Court, the delightful plaza west of the village hall, is a part of the village plan, the land for which was given by the business men whose property abutted on the hall. The financing of this set of buildings, instead of becoming the usual burden of a bond issue, was done entirely from surplus earnings of the electric department paid as dividends to the corporate fund.

The library, the original building of which was a memorial gift, is governed by an elective board of five members with no separate taxing power, the cost of operation being included in the general tax levy.

MORE THAN ONE HUNDRED ACRES OF PARKS

Winnetka has a park system governed by an elective board of five members serving for five years, with separate taxing power. It maintains over a hundred acres of parks, playfields and beaches. The village manager is the park superintendent. Several small parks have been added to the system by initiation of the local improvement clubs, the members of which have voluntarily assumed special assessments for their acquisition in order to

prevent some undesirable business or industrial development.

Similarly, in their capacity for "pulling together," the dwellers in the village a few years ago raised \$350,000 among their own number to build a much-needed new school when their legal bonding power was exhausted. Winnetkans are proud of their school system, anyway, and are secretly glad to have a hand in promoting its effectiveness. It is making educational history with its "individual system" and its socialized activities; it now includes a nursery school, fostered by the Woman's Club but a part of the school system. The schools are governed by an elective board composed of a president and six members serving for three years with separate taxing power. Under them are a superintendent and a large staff of teachers, most of whom are college graduates.

The often-quoted qualification for good government—adequate interpretation of public opinion and subsequent administration of the same—applies distinctly to this "model village." From its earliest years it has been a community of high ideals, sympathy, friendliness, and intelligence, and its accomplishments in good government, education, and social unity are the products of these qualities. Neither the council manager plan nor progressive education nor community development projects could ever have been a success without the coöperation of the people and their willing spirit to back them up. This is the quality which attracts new dwellers and compels old ones to stay on for their lifetime.

RECENT BOOKS REVIEWED

CHICAGO—A MORE INTIMATE VIEW OF URBAN POLITICS. By Charles Edward Merriam. New York: Macmillan, 1929. 305 pp.

In this useful and authoritative review of the politics of his own town, the best informed citizen of Chicago considers the state of things there, displays a point of view which is in itself educative, sets forth the various factors in corrected proportion, and chuckles over his unusually cock-eyed section of a cock-eyed world! As an exhibition of the point of view which animates the modern political reformer it should take the curse off a bit and relieve our tribe of the odium of being humorless perfectionists. It has something of that curious spirit which causes audiences to rock with laughter instead of frowning with indignation, when a speaker unveils tale after tale of corruption. By such a spirit, Merriam keeps in happy and ironic vein a story that most writers would have dutifully made horrified, doleful and hopeless—and dismal reading! By his obvious failure to despair, as if he had never thought of such a thing, he shows a high and easy courage that fits in well with his light irony and lack of moralizing. And if his serene readiness to resume the battle tomorrow is characteristic of the rest of Chicago's reformers, we can all happily leave Chicago to work its own way out.

Our first thoughts of Chicago these days involve the antics of Mayor Thompson and the shots of the bootlegging underworld. Merriam tells in swift and graphic passages of these things and sets them in correct dimensions into a mosaic that also includes Chicago's steady undercurrent of wholesome liberalism and its unterrified leadership. As one-time candidate for mayor and as a tireless leader for years in the council, he has acquired a rare knowledge of the innumerable jostling forces of opinion, nationality, race, religion, economic class, tradition, and prejudice that are set into motion by every public event. And these cross currents are so well described that I imagine an Englishman reading these chapters would cease to feel superior about the simple honest politics of his own cities and would wonder how such a turbid whirlpool could ever serve as basis for any orderly government at all. The author essays the difficult task of appraising frankly the civic and political leaders including his living comrades and contemporaries.

Such portraits are necessary to the completeness of the picture. I detected no signs that the probability that he would meet these persons and work with them, or against them, tomorrow, had stayed the frankness of characterizations. The informal anecdotal references to the author's own fine part in the twenty years of battle are illuminating and entertaining.

A certain solemn tribe of teachers of political science will think that this book, being vivacious summer reading, cannot be put before students as a textbook, but they will find it the best case-picture that has been drawn in this decade of the efforts of an American cosmopolis to govern itself, drawn by the best-qualified observer that current political science could have assigned to the task.

RICHARD S. CHILDS.



CHICAGO: THE HISTORY OF ITS REPUTATION. By Lloyd Lewis and Henry Justin Smith. New York: Harcourt, Brace and Company, 1929. 497 pp.

Here is a glittering, gripping, galloping tale of our Queen of the Lakes. Its authors, a magazine writer and a newspaper editor, have divided their volume into two parts. The first and briefer, by Mr. Lewis, carries the story down to the World's Fair. Mr. Smith brings the city from Carter Harrison to Bill Thompson, from the Pullman strike to the "pineapple" primary. Both authors have a brisk, vivid style. Lewis's descriptions of the big fire will become classic. Smith's efforts appear more strained. Throughout there is rather more emphasis on the picturesque than on the permanent. One can hardly read this lively chronology without being impressed with the fleeting significance of much which as it transpires is genuinely "news." Many of the episodes and persons portrayed here have had no indicated influence on the city's character and career. The authors are impartial to the point of having a good word for everybody, even Altgeld, the anarchists, and Debs. The embers of such conflagrations as the great strikes are quite old and many of their charred ruins have been replaced by more substantial edifices. In describing these and other events the authors are rather pleased to contrast them with present perfection. One excellent passage

pictures the formation of the M. V. L. and its ultimate part in the political nativity of Mayor Thompson. The whole narrative becomes progressively more detailed as the present is reached. Though the authors have made some effort to note cultural progress and social patterns along their way and to relate the city's growth to its geography and its industrial progress one could wish for more on these points. It remains a good story.

JOSEPH MCGOLDRICK.



RATTLING THE CUP ON CHICAGO CRIME. By Edward D. Sullivan. New York: Vanguard Press, 1929. 214 pp.

Here's a lively account of our second largest city. "The people of Chicago," says Mr. Sullivan, compounding his metaphors, "have given gangdom enough rope to hang Chicago's head in shame." The author, sports writer, columnist and free-for-all reporter, is old enough to have covered the Becker trials almost twenty years ago. He has seen the tide of gang war rise and rise until it has engulfed this once-proud city. Half of this volume is narrative in snappy journalese. The remainder, apart from two chapters on Mayor Thompson and a lucid explanation of racketeering, is a somewhat bewildered groping for an explanation and an escape. The author has no love for prohibition and he builds a case that the "drys" can't "laugh off," though there are other factors which might be given more attention. The general thesis of the book might be summed up in a gangster's remark: "Cops like dough and law is just tricks." The administration of criminal justice as portrayed here is a sorry mess and the author seems encouraged to find that "eighty per cent of the police are honest." It is a challenging picture, vastly superior to any of the pot-boilers on gangs and crooks that have so far appeared. And its influence is likely to be much greater than soberer volumes on crime and politics and the devious bonds between them.

JOSEPH MCGOLDRICK.



DEMOCRACY. By Edward McChesney Sait. New York: The Century Company, 1929. 108 pp.

There is an old French proverb, which dates back at least to the time of Columbus' discovery of America, to the effect that "too much inquiry is bad." Since it was penned, the human race

has done little but attempt to disprove the futility of its sweeping assertion. On the subject of democracy, this book, by the author of "American Parties and Elections," "Government and Politics in France," etc., presents a timely survey of conflicting opinions, and raises significant questions with respect to its future. As in the case of the French proverb, glittering generalities which have been held close to the heart of the American people since the time of Andrew Jackson, are ruthlessly examined and shown up for what they are—"sounding brass and tinkling cymbals."

Dr. Sait's book is not a brief for the critics of democracy, however, but rather a summary of the more recent literature in the field. He discusses the point of view of the fundamentalist, to whom democracy is still a sacred thing, and upon it throws the merciless searchlight of the "higher critics," with whom, however, he is not prepared to agree. The book takes the form of four lectures which Dr. Sait delivered at Scripps College in 1928. In his own words, "the purpose of those lectures was to indicate the existing clash of opinion over the fundamentals of democracy and to fix attention on the more prominent writers and their varying points of view."

Few writers, however, are able completely to divorce themselves from their material. If we can take Dr. Sait's book as something more than merely a survey, getting our hints chiefly from the manner of presentation, we might consider it somewhat as a plea for a rational attitude in this whole matter. With Norman Angell and Faguet, we might accept democracy, "with all its inevitable limitations, as the best hope for the future. Only we must abandon our false conceits and recognize those limitations frankly, adjusting our political mechanism to meet the requirements of the actual situation. We must stop treating the impossible ideals as if they were realities."

There is the middle ground. Democracy should be looked upon in a matter-of-fact way as a form of government that is based on universal suffrage. It should not be held up as a "perfect and complete philosophy of life," nor should it be cast down as an outworn tool. We should be able to take something of the viewpoint of Georges Clemenceau, quoted in the concluding paragraph of the book: "Let no one complain if I do not open to civilized man the perspectives of perfection. There is no more paradise on earth than in the clouds."

In these days of doubt and disillusionment, Dr. Sait's book presents a much-needed cool scrutiny of the clashing viewpoints on democracy. He has packed much meat into a small package.

HOWARD P. JONES.



MUNICIPAL REPORTS

HAMILTON, OHIO. *First Annual Report Under the Council-Manager Charter for the Year 1928.* By R. P. Price, City Manager. 99 pp.

The people of Hamilton should feel well pleased over the progress recorded in this annual report. Among the outstanding accomplishments are: complete reorganization of departments, installation of a mechanical book-keeping system, merging of city and county health work, and the organization of a centralized purchasing department which is effecting savings amounting to \$20,000 per year.

The foreword by the city manager is followed by a résumé of "outstanding accomplishments" and "recommendations for 1929." Next in order come the finance department occupying 17 pages; police, 3 pages; fire, 1 page; public works, 20 pages; utilities, 24 pages, civil service, 4 lines; law, 7 lines; public welfare, 7 pages; and, parks and playgrounds, 16 pages. The reason for such wide disparity in the relative space allotted the several activities is not obvious.

Other criticisms of the report are its length, lack of a table of contents, and the scarcity of charts and graphs. If the graphical method had been substituted for the dry and uninteresting tables of figures the report would have been even more attractive than it is, and by eliminating such tables as sizes of the storm sewers laid and hydrants installed, the report could have been shortened materially. The impression must not be gained that this report has no merits. It

has attractiveness, excellent physical make-up, and a well selected group of pictures properly placed in relevant text.

LYNCHBURG, VIRGINIA. *Eighth Annual Report under the Council-Manager Government for Year 1928.* By R. W. B. Hart, City Manager. 124 pp.

This is the first annual report of Lynchburg to contain all the activities coming under the jurisdiction of the city council—that of education being added this year. This is a move in the right direction and it is hoped that some day the problem of the taxpayer will be further simplified by having a public report handed to him that will at least summarize the record of all governmental agencies which he is called upon to support. Lynchburg has probably come nearer to absolute standardization in its annual report than any other city. This reviewer believes it has even reached the point of monotonous regularity and therefore would welcome a change of some kind if it be but in the size—it should be noted that Lynchburg prefers the $8\frac{1}{2}'' \times 11''$ size to the generally accepted size of $6'' \times 9''$.

There are, however, many very favorable features which characterize Lynchburg's reports, among which may be noted: illustrative material, table of contents, and organization chart. On the other hand the reports are not published until about six months after the close of the period covered, contain a large amount of unimportant statistical data, and are far too long. If this report were made up in a $6'' \times 9''$ size it would be about 200 pages in length—by far too much material to expect one to read. It should be said, however, that while Lynchburg's reports may not be top-notchers, they are consistently above the average.

CLARENCE E. RIDLEY.

REPORTS AND PAMPHLETS RECEIVED

EDITED BY WELLES A. GRAY

Assistant Director, Municipal Administration Service

The Coast Guard.—By Darrell Havenor Smith and Fred Wilbur Powell, 1929. 265 pp. (Institute for Government Research, Service Monographs of the United States Government, no. 51.) A study of the history, functions and activities, organization, personnel, equipment, and finances of the Coast Guard. Among the appendices are a compilation of all laws in force which govern the Coast Guard, complete tables showing appropriations and expenditures, a list of official publications, and an extensive bibliography of published materials dealing with this branch of the federal service.

✱

Housing Problems in America.—Proceedings of the Tenth National Conference on Housing, 1929. 355 pp. A collection of papers and discussions on various aspects and problems of housing, and on the relation of housing to city planning. Among the topics discussed are steel and concrete houses, financial problems, slum clearance and improvement, street planning for the motor age, and general phases of city planning.

✱

Statistical Report for the State of Indiana for the Year Ending September 30, 1928.—Compiled by the Legislative Bureau of the Indiana Library and Historical Department, 1929. 212 pp. A collection of administrative data on the state government of Indiana. Contains a roster of state and county legislative and administrative officials, court statistics, financial statistics for all taxing units, election returns in detail, and a list and classification of Indiana cities.

✱

The Determination of Fire Insurance Rates in Minnesota.—By the League of Minnesota Municipalities, publication no. 29. 11 pp. A discussion and presentation of data showing how fire insurance rates are determined in Minnesota. The following insurance bases are discussed: the fire insurance class of the municipality, the class of property to be insured, and the district of the state in which the property is located. Tabular materials show the method of determining base rates, and insurance classes for Minnesota cities and villages.

Park Areas in Cincinnati.—By Howard M. Wilson, 1929. 17 pp. (Mimeographed.) A study of the park system of Cincinnati, made under the auspices of the Cincinnati Chamber of Commerce. Statistical data and significant facts concerning the various parks are included.

✱

Civil Service Administration in the City of Cleveland.—By Mayo Fesler, September, 1929. 113 pp. (Mimeographed.) A report of an investigation into the administration of the merit system in Cleveland, made for a special committee of the city council, to ascertain reasons for its failure. The report places the blame for this failure upon the civil service commission of Cleveland, and in support of the findings there are presented extensive data as to the administration of the civil service laws and the workings of the commission.

✱

Municipal Golf Courses in the United States.—By the Public Links Section, United States Golf Association, 1929. 30 pp. A list of municipal golf courses in America. Data given for each course include the length, par, fees charged, clubhouse facilities, cost of operation if the fees are insufficient, and the name of the professional in charge.

✱

Care of Indigent Families in Quarantine.—By the Des Moines Bureau of Municipal Research, June, 1929, report no. 114. (Typewritten.) A study of the work of the Des Moines Health department in providing fuel and provisions to pauper families in quarantine for contagious diseases. Included are specific recommendations for improving the administration of those services.

✱

Reports and Communications.—By the Finance Commission of the City of Boston, 1929, vol. xxiv. 159 pp. Contains the annual report of the commission for 1928 and all official communications and reports of investigations made by the commission during that year.

JUDICIAL DECISIONS

EDITED BY C. W. TOOKE

Professor of Law, New York University

Special Assessments—Exemption of Extra-State Municipalities.—The construction of the compact between the states of Missouri and Kansas, made with the consent of Congress, providing for the exemption from taxation of the waterworks property of Kansas City, Missouri, and Kansas City, Kansas, which is situated without the limits of the respective states, was before the Circuit Court of Appeals, Tenth Circuit, in the case of *Kansas City, Mo. v. Fairfax Drainage District* (reported *U. S. Daily*, Sept. 16-17, 1929). The agreement between the states provides that neither state "nor any county township or municipality located within said State or any official thereof shall ever assess, levy or collect any taxes, assessments or imposts of any kind or character whatsoever on the portion of the waterworks plant" of the foreign city. The court holds that this comprehensive clause in effect exempts the property of Kansas City, Missouri, from special assessments levied by the defendant, a drainage district of the state of Kansas.

Judge Phillips wrote a strong dissenting opinion in which he maintained that the word municipality should not be construed to include a drainage district, and that the exemption from taxation was not clearly enough expressed to include special assessments. In view, however, of the fact that the construction concerns itself with a treaty and not with an ordinary statute and considering the purpose of the compact, the decision seems correct and is abundantly supported by the reasons set forth in the majority opinion written by Judge Lewis. As similar arrangements may shortly be entered into by other states, this case is important in pointing out the necessity of employing language that will be so precise as to raise no question of its interpretation.



Streets and Highways—Abutter's Right to Continuance of Sidewalk.—In *Franklin v. City of Atlanta*, 149 S. E. 326, the Court of Appeals of Georgia reversed a judgment of the lower court which sustained a demurrer to a complaint de-

manding damages for the loss of sidewalk access to the plaintiff's property. The plaintiff alleged that by cutting off the sidewalk in front of her apartment house, access thereto had become dangerous, that she had lost half her tenants and that the value of her property had greatly decreased. The contention of the city was that its duty is only to maintain the street and that it may abolish a sidewalk or make any other changes so long as the street purpose is maintained, without incurring liability to the owner of abutting property.

In holding that the plaintiff's declaration stated a cause of action, the court based its conclusion upon the provision of the state constitution which requires compensation to be given where property is taken or damaged. Under such a provision the abutting owner is generally held entitled to recover for consequential damages due to a change in the grade of a street, contrary to the common law rule. An extension of liability to cover damages from the alteration of the street surface has not been generally sustained. The Supreme Court of Oklahoma, however, in *Tulsa v. Hindman*, 261 Pac. 910, decided in 1928, held that the abutting owner's easement in the street included a right to the continuance of a sidewalk in front of his premises. The decision in the instant case was by a divided court and the question involved is so important that it may be carried to the Supreme Court of Georgia for final determination.



Powers—Statutory Methods of Contracting Must Be Strictly Followed.—The Supreme Court of Pennsylvania in *Foresman v. Gregg Township*, 147 Atl. 64, decided July 1, 1929, was called upon to apply a principle of law which limits the power of a municipal corporation to contract except by strictly following the methods prescribed by the legislature. The statutes of the state provide that "all contracts for the purchase of power-rollers, traction-engines, stone-crushers, concrete-mixers or road machines for grading or scraping shall be made only after consultation . . . with the assistant engineer of township highways of

the State Highway Department and no contract shall be valid unless it shall be approved and signed by the township commissioner of the State Highway Department."

The supervisors of the township entered into a written contract with a firm for the purchase of a road tractor for use on the highways and issued a note of the township in payment thereof. Five days thereafter the contract was formally approved by the state highway officials. Later, three new notes were issued in place of the original note, the minutes of the board reciting that they were given according to original contract, and the tractor was delivered.

In a taxpayer's action to restrain the payment of the three notes, the lower court held the contract to be void and enjoined the payment of the notes because of the failure of the supervisors to consult the state officials *before* entering into the contract, as required by the statute. In affirming the judgment the supreme court states that approval after the contract is made is not equivalent to consultation before and approval afterwards. The agreement of the parties to waive the statutory requirement could have no effect as he who deals with the officials of a municipality is bound to take notice of its limited power to contract. Unless the provisions of the statute are followed, no contract can come into existence.



Federal Taxation—Profits from Sale of Municipal Securities.—A novel question with reference to federal taxation upon income was recently presented before the Circuit Court of Appeals of the Eighth Circuit.¹ From the facts of the case it appears that in 1919 and 1920 the plaintiff had purchased for investment certain bonds issued by counties or cities in Minnesota and in 1924 he sold these bonds at a net profit, not including accrued interest. Upon this profit as taxable income the plaintiff was required to pay a tax, which he did under protest, and this action was for a refund thereof on the ground that such income is not subject to federal taxation because derived from municipal securities of a state. The direct question thus presented was whether profits from sales of municipal securities are subject to federal taxation.

As aptly stated by the court:

It is a necessary condition of our dual form of Government over the same territory that neither the national nor the state governments should interfere with the proper function of the other. Therefore, it has been repeatedly announced that neither the Federal Government nor the State Government can constitutionally enact a law which interferes with the proper exercise of the governmental powers of the other.

After pointing out that this principle has been uniformly applied to taxation by either the state or the federal governments of the securities issued by the other, and that no tax has been sustained where it was levied directly upon such securities or the interest derived therefrom, the court concludes that the tax involved in the case under consideration is a direct tax upon income derived from municipal securities *unless the circumstance that this income came from sale profits instead of interest prevents the application of the rule.*

The court, in holding that profits derived from a sale of municipal securities is not income taxable by the federal government, clearly states the basis for its decision as follows:

The reason for the rule, as applied to such securities, is that such a direct tax is a "burden on loans" and an "impediment to the power of borrowing" (*Weston v. Charleston*, 2 Pet. 449, 468). Anything which would usually influence the public in buying or refraining from buying such securities unquestionably is a burden upon such loans and impediment to such borrowing power.

It is a matter of common knowledge that municipal securities are almost always issued for a long term of years. If the original buyers of such from the municipalities were confined to those who expect to hold such until maturity, comparatively few such securities would issue and upon terms not favorable to the municipalities. It is also common knowledge that the interest rate on such securities is usually lower than upon currently issued private securities.

Two of the main attractions of such securities are that they are tax free and offer a chance for profit in resale. To say that taxation upon such profit would not affect purchases, and, therefore, prices of such securities seems unfounded. It would materially lessen the attractiveness of such securities and thereby affect the borrowing power injuriously.

This case will undoubtedly be carried to the Supreme Court, but it is difficult to see what argument the government can advance to overcome the reasons given for its decision by the Circuit Court of Appeals.



Power of Cities to Administer Charitable Trusts.—It is a principle generally recognized

¹ *Willcuts, Collector of Internal Revenue v. Bunn*, decided September 16, 1929. (Not yet reported.)

that a municipal corporation can take property in trust only for municipal purposes and not for any object which is foreign to the purposes for which they are created and in which they have no interest. Thus the great weight of authority is that they are incapable of taking and administering trust property for the support of religion, although a respectable minority of the states uphold such trusts if strictly non-sectarian. In *Carroll v. City of Beaumont*, 18 S. W. (2d) 813, the Court of Civil Appeals of Texas has recently held that a home-rule city may by charter confer upon itself the power to take and administer property in trust for all charitable purposes. In the instant case, the donor of the trust property designated that the city should set aside "not less than one-tenth of the income from said property to be sacredly handled and disbursed for the purpose of charity," one-tenth for library purposes and one-tenth of said income "for the promotion of the causes of temperance and benevolence." The remainder of the income was to be expended by the city to promote and perpetuate the purposes of the donor, the former Beaumont Temperance Hall Company, as expressed in the charter and by-laws of the company.

The action was one in equity brought by taxpayers to set aside a deed of the property conveyed to the city, alleged to be of the value of two hundred thousand dollars, upon the ground, *inter alia*, that the city has no power to take title for the purpose of administering such a trust as was fixed upon the property granted. The court holds that the gift was valid under the broad power of the home-rule charter authorizing the city to take and hold "any character of property, including any charitable or trust fund." The court also raises the point that as the plaintiffs show no peculiar interest in the question at issue but only as representatives of the public, the action should be brought by the attorney-general for or in behalf of the state. The decision seems to be better supported by this latter ground, and to leave open the question whether the charter provision would authorize the city to administer a trust primarily for the advancement of temperance and benevolence.



School Districts—Implied Power to Operate a Cafeteria.—Municipal corporations are the creatures of the state and can possess and exercise only such powers as are granted in express

words, or those necessary or fairly implied from, or incident to, the powers expressly conferred, or those essential to the declared objects and purposes of the corporation, not simply convenient, but indispensable. In applying this primary rule, we often meet great difficulty in determining what implied powers are indispensable to the carrying out of the powers expressly delegated to the corporation. This is a question which requires the application of an established principle of law to new and different conditions that are constantly coming within the field of its operation. With the rapidly expanding needs for more extended service or more minute regulations, it becomes plain that the scope of the implied powers must necessarily expand, and that, too, without any real modification of the underlying rules applicable thereto.

It is often said that the rule of strict construction of municipal powers applies with greater force to those subordinate local governmental agencies like school districts, which are usually denominated quasi-municipal corporations. But within the domain of the powers granted to such corporations to carry out the public duties imposed upon them, there would seem to be no basis for the dictum that the general rule should be more strictly applied than in the case of the true municipal corporation. This point is illustrated by the recent decision of the U. S. Circuit Court of Appeals of the Eighth Circuit in *Goodman v. School District No. 1 of Denver*, 32 Fed. (2d) 586.

The plaintiff in this case sued to enjoin the defendant from operating a cafeteria for the accommodation of the pupils in the public schools. No express power to engage in such an activity had been conferred upon the district, but the defendants relied upon section 15 of article 9 of the Colorado Constitution, which provides that directors of boards of education "shall have control of instruction in the public schools of their respective districts." The precise question before the court, therefore, was whether under existing conditions, the operation of a cafeteria was reasonably germane to the efficient conduct of the schools.

The court sustained the district court in dismissing the complaint. In an able opinion by Judge Van Balkenburgh, it points out that great advances have been made in the methods and means of education within recent years. Both public sentiment and public interest now support various measures which a former genera-

tion would have thought to be revolutionary. The health of the pupil is now regarded as the foundation of a normal intellectual development. A reading of the constitution, therefore, in the light of modern practice gives the true interpretation of the intent of the language in conferring a discretionary power upon a local governmental agency. In the absence of bad faith, the exercise of an implied power thus supported will be upheld.



Remedies—Original Federal Jurisdiction in Controversies Involving the Constitutionality of Municipal Action.—As previously noted in this REVIEW¹ the increasing attempts of litigants to invoke the original jurisdiction of the federal courts to test the validity of municipal action by setting up the claim that their rights under the constitution are being invaded, together with the evident readiness with which these courts have taken jurisdiction in certain recent cases of this nature, has manifested a current tendency toward an extension of original federal jurisdiction beyond that which seems to have been conferred by section 24 of the Judicial Code (28 U. S. C. §41). This statute, which is the source of the original jurisdiction of the district courts, authorizes an action in the federal courts, although there is no diversity in citizenship, "where the matter in controversy exceeds, exclusive of interest and costs, the sum or value of three thousand dollars, and arises under the Constitution or laws of the United States."²

That the question of jurisdiction must be determined from the plaintiff's statement of his own case is universally conceded, but as to whether or not the particular allegations raise a constitutional question sufficiently to confer jurisdiction has frequently been lost sight of by some of our federal district judges. In marked contrast to the decision previously commented upon³ is the opinion of the Circuit Court of Appeals of the Fourth Circuit in the recent case of *Carolina, etc., Ry. Co. v. Town of Lincolnton* (33 Fed. (2d) 719).

From the facts of this case it appeared that in 1901 the railroad maintained a line through the

town of Lincolnton and that an ordinance was passed authorizing it to lower its track so as to pass under certain streets which were crossed, and to bridge the same. The ordinance granting the permission provided that one of the bridges to be built should be a "proper and good wooden bridge," and that the grant to run the line was upon the further consideration that the railroad, so long as it maintained the track, should keep up and in good repair all bridges at its own expense. Following the permission granted in this ordinance, the railroad made the excavations under the streets, and covered them with substantial wooden bridges. Subsequently, in the year 1927, the fire limits of the town were extended so as to include the streets covered by the wooden bridges and in the next year an ordinance was passed declaring one of the bridges to be a nuisance and requiring the railroad to replace it with one made of concrete.

This suit was then instituted in the federal court to enjoin the enforcement of these ordinances on the ground that they impaired the obligations of the contract embodied in the ordinance of 1901, and that they would result in a taking of its property without due process of law.

The Circuit Court of Appeals, in upholding the dismissal of the suit by the district court for lack of jurisdiction, agreed that a bill alleges a case arising under the constitution where it contains averments showing that the enforcement of a municipal ordinance authorized by the laws of the state will impair the obligations of contracts, deprive complainant of property without due process of law, or otherwise contravene constitutional provisions, but stated that:

It is not sufficient that the bill merely asserts that an ordinance violates constitutional rights; it must set forth facts from which the court can see that such rights are violated. Where the contention that they are violated is seen from the facts alleged to be without substantial merit, the court is without jurisdiction. There must be "a federal question, not in mere form, but in substance, and not in mere assertion, but in essence and effect."

As the inferior federal courts have only such jurisdiction as has been expressly conferred by Congress, any tendency to override the limits of their jurisdiction should not be encouraged. In view of the indications of such a tendency on the part of some of our district judges, the reassertion of the correct principle of the construction of their powers is especially timely.

¹ Vol. XVII, No. 11, November, 1928.

² This provision first appeared in the Amendment of 1875, there being no similar provision in the original Judiciary Act.

³ See note (1).

PUBLIC UTILITIES

EDITED BY JOHN BAUER

Director, American Public Utilities Bureau

Cleveland Gas Service Threatened.—Can a gas company, or any utility, discontinue its service in a metropolitan community which for over twenty-five years has granted a monopoly to the particular company, and is absolutely dependent upon the continuance of service? Can it rely upon apparent contractual rights against basic community rights to its services?

In 1902 the city of Cleveland granted a franchise to the East Ohio Gas Company to occupy the streets and highways with mains and other appliances for the purpose of furnishing natural gas. The company has had practically a monopoly of service, and serves a large number of municipalities in the state. The original grant was indefinite as to duration, but contained a provision which fixed the price of gas for a period of ten years. Under the decision of the Ohio Supreme Court in *East Ohio Gas Co. v. City of Akron* (81 O. S. 33), this type of franchise was held to be indeterminate, so that the city or the company was free to terminate it at will.

In 1911 a further contract was entered into, which expired in 1921. In the meanwhile, however, in 1919, the legislature passed the so-called Miller Act, which provides that no railroad or public utility furnishing service or facilities within the state of Ohio shall abandon or be required to abandon or withdraw any main track or tracks of a railroad, main pipe line, electric light line, or gas line, without the approval of the public utilities commission.

At the expiration of the contract in 1921, the contention was made that the company could not withdraw its service and facilities, unless authorized to do so by the commission. This view, however, was not sustained. The supreme court of the state held that the Miller Act was necessarily limited by the contract clauses of the state and federal constitutions, and could not affect retroactively the contract of 1911. In 1923 a further contract was entered into, which expired on April 30, 1928. Notwithstanding the terms of the Miller Act, this contract provides (Sec. 11):

The contract arising from the acceptance of this ordinance by the company shall be deemed to have been entered into upon the express con-

dition that on April 30, 1928, this ordinance, the contract created hereby, together with all the rights of the East Ohio Gas Company, its successors and assigns to occupy the streets, alleys, lanes, public grounds and public places of the said city and all its obligations to supply natural gas therein, shall cease and terminate and the company shall discontinue the supply and distribution of natural gas in said city; . . . provided, however, that if the provisions of this paragraph or any part thereof shall be determined to be invalid by any court of last resort, its invalidity shall not invalidate any other section or sections of this ordinance.

While the contract thus specifically provides for discontinuance of service at termination, the question, nevertheless, has arisen whether the company is not subject to the Miller Act, which became law four years prior to the 1923 contract. Under Section 4, Article 18 of the state constitution, a city is protected against infringement upon its right to contract. At the same time, a corporation, especially a public utility, is subject to control by the state in the public interest. There is thus a constitutional question whether in this instance, the Miller Act is merely a regulation of a utility to prevent interruption of service, or whether it is an unconstitutional limitation upon the contractual right of the city.

Upon the termination of the contract in 1928, the company was not willing to enter into a new contract under terms proposed by the city, especially with respect to rates. It instituted temporary rates, and then proposed to shut off service, unless a satisfactory agreement was reached. The city then moved to the Court of Common Pleas of Cuyahoga County for an injunction prohibiting the company from shutting off service. The city relied especially upon the Miller Act that the approval of the public service commission is necessary for the discontinuance of service. The company contended that this requirement did not apply because of the contract providing for discontinuance. The company thus sought to protect the city's contractual rights, which the city sought to have disregarded.

The Court of Common Pleas held with the company and refused to grant an injunction against discontinuance of service. The matter

was appealed, and the Court of Appeals of Cuyahoga County has taken a diametrically different view. In a decision and opinion handed down on June 14, 1929, this court held that the Miller Act was a valid regulatory statute under the constitution of the states. It granted an injunction against discontinuance of service. Steps have been taken by the company for appeal to the Supreme Court of the state.

The opinion was written by Judge Vickery. It shows an excellent grasp of the economic and public questions involved, and plainly represents long contact with public utility questions. It emphasizes the fact that the company is a monopoly, dealing with public necessities, and therefore cannot be left free to bargain with individual customers or cities and states:

The Miller Act was in keeping with the general trend of the public thought upon this question. If you recognize the monopoly and the crowding out of all competitors, there must be some way in which the public may be protected, otherwise the public will be compelled to yield to an unconscionable contract because of their utter inability to cope with the utility who had the very necessities of life in its control and refused to contract with the public, no matter how urgent the need, unless it could have its own price, and they could make that price so high that it would be inimicable to the interest of the people who were compelled to yield to their exactions.

With respect to the constitutional contention, the court held that the requirement of the Miller Act to procure approval by the commission before service can be shut off, does not interfere with the city's power to contract. No infringement was contemplated or perpetrated. A contract was entered into freely, and it lasted through the entire period of its duration. Upon termination, the city and company could not agree upon rates, and then the company proposed to discontinue service. But this came after the expiration of the contract, and therefore cannot be done, under the Miller Act, without the prior consent of the commission.

The point seems to be that the discontinuance of service, although specifically provided for in the contract, was nevertheless beyond the effective terms because it followed the expiration of the contract. The requirement for the commission's consent for discontinuance did not limit the city in any positive right as to service or rates. It is a protection of the public against arbitrary action after the contract had ceased. It brings the whole matter before the commission

to be decided with full regard for public rights, including the fixing of reasonable rates.

Apart from technical reasoning on the constitutional point, the court had in mind the broader purpose of regulation and the actualities of public interest. It inquires whether there can be any hardships or any interference with the right to contract by having the commission provide for orderly discontinuance of service, so as not to endanger the health and property of the people dependent upon the service, and reminds the company

That the real parties in interest in this law suit are the two hundred thousand users of the gas. The city will not be discommoded; nor will the state. It will be the people who pay the gas company, which has piped their homes and furnished the equipment at the expense of millions, that will be damaged by the withdrawal of the service.

There is, of course, a technical legal question, which will be decided by the Ohio Supreme Court. The common sense of the situation is wholly against the company's contention. How can it actually discontinue service and remove its properties, when a city of over a million people is dependent upon its service? The proposal runs completely counter to the conception of a utility and its relation to the public. As a matter of fact, the company has no desire to discontinue service and remove its property. That would mean the scrapping of its investment in mains and other distribution facilities which have no other value except for the furnishing of gas.

The real object is to hold out for a particular schedule of rates. The ultimate question, therefore, is whether a utility today in a metropolitan district can actually carry out such a program of fixing its own rates, or whether it is required to furnish uninterrupted service and accept such rates as are fixed by public authority, with due regard to a fair return on the value of the property.



Wisconsin Power Program Halted.—At the fifty-ninth session of the Wisconsin legislature, there were a number of public utility measures sponsored by the League of Wisconsin Municipalities, and vigorously pushed by League officials and committees. There were four principal power measures framed in accordance with the power program adopted by the League at its thirtieth annual convention. These were:

Bill 593-A, to permit the formation of electric light and power districts,

Bill 596-A, to permit municipal competition with privately owned public utilities,

Joint Resolution 32-A, to amend the state constitution to permit the recapture of water powers and the generation and distribution of electric power by the state.

Joint Resolution 61-A, to amend the state constitution to permit cities and villages to issue bonds secured by public utilities in addition to the five per cent debt limit.

All four of these power measures were passed by the assembly by overwhelming votes, but struck a snag in the senate. Here, only one measure, Joint Resolution 61-A, permitting public utility debts to be contracted outside the present debt limit, was adopted. This joint resolution must be adopted by the 1931 legislature, and it will then be submitted to a referendum vote of the electorate.

The League also supported two measures relating to taxation of public utilities—Bill 175-A, extending the corporation income tax to certain public utilities not now subject to this tax, and Bill 176-A, providing for the taxation at the local general property rate of certain public utilities now taxed at the average state rate. Both bills were adopted by the assembly by overwhelming majorities, but were defeated in the senate as originally drawn. A substitute measure, 430-A, was adopted in the senate, and 175-S was amended by the senate to conform to 430-S, and was subsequently accepted by the assembly as a compromise.

In the course of the hearings before the legislature on the power bills sponsored by the League, and in some of the publicity given to the hearings and the power program, the position of the League has been misinterpreted. The League has not taken any action to induce municipalities to enter the field of municipal ownership of electric utilities. It realized that this is a matter which every municipality must determine after a study of the local situation. The League, however, has taken the position that enabling legislation must be enacted so that municipal ownership is possible for every municipality, and that each municipality has a right to decide this question for itself.

The above account was received from Frederick N. MacMillin, executive secretary of the League of Wisconsin Municipalities. Another important bill was passed and approved by the

governor. This bill gives the municipalities broad powers in the making of special assessments for the construction or acquisition of electric utilities. The whole or any part of the cost may be assessed upon the property benefited, and payments may be spread over a period of ten years. This measure marks a distinct step in the municipal program as to electric utilities. While every municipality should have the right to determine for itself whether to establish municipal ownership and operation, and should also have the right to determine upon an assessment policy, this proposal as applied to electric utilities does raise important questions which ordinarily are not incurred in assessing the benefits of other improvements.

There is first the greater administrative difficulty of determining benefits, especially with respect to generating plants. There is also the question of policy, whether the fixed charges should be placed upon the land according to area, notwithstanding the subsequent use to be made of electricity. Would a small user have to pay just as much, on a customer basis, as a large user, provided they have similar locations? Will a large apartment house in the aggregate be burdened no more than a single-family house, if they occupy like areas?

It should be clear that the adoption of the assessment fixes a rate policy with respect to fixed charges, and forecloses the possibility of readjustment as conditions of consumption change. There is serious doubt as to the wisdom of laying down such rigid provisions. Anyone experienced with ratemaking would hardly favor the allocation of fixed charges according to land area. There may be reason for the inclusion of a considerable proportion of fixed charges upon a customer basis; some upon a demand basis; but the greater part should be included, we believe, in the charge for electricity. Assessment would prevent any such allocation according to conditions and quantity of use as between customers. Is such a result desired by the proponents of the measure? Are they perhaps misled by analogy of other municipal improvements, particularly by considerations applicable to fixed charges imposed by expensive transportation systems—subways?

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Special Massachusetts Commission to Investigate Control of Public Utilities.—In the September number we gave an account of the New York

investigation of public utility regulation, provided for by resolution of the legislature in the last session. We referred also to the probability of such investigations elsewhere. At the time of writing, we had not been informed of an investigation provided for by Chapter 55, Resolves of 1929, Commonwealth of Massachusetts, approved as of June 7, 1929. The chief provisions are as follows:

RESOLVE PROVIDING FOR AN INVESTIGATION
AND REPORT BY A SPECIAL COMMISSION
RELATIVE TO THE CONTROL AND CONDUCT
OF PUBLIC UTILITIES IN THIS COMMON-
WEALTH.

Resolved, That an unpaid special commission, consisting of one member of the senate to be designated by the president thereof, three members of the house of representatives to be designated by the speaker thereof, and three persons to be appointed by the governor, shall investigate to what extent, if any, any other corporation or any association, trust, partnership or individual has, directly or indirectly, acquired domination or control of, or a substantial interest in, any domestic corporation engaged in the manufacture or distribution of gas, electricity or power or in the conduct of any other public utility, by stock ownership or otherwise, the amount of such stock ownership, direct or indirect, the consideration paid in acquiring the same, the amount of securities issued against such ownership and the returns from the investment; to what extent, if any, any corporation, association, trust, partnership or individual which has acquired domination, control or a substantial interest as aforesaid, has also acquired any interest in any publishing or other enterprise in this commonwealth, the consideration paid therefor and the returns from the investment; the relations and affiliations of every corporation, association, trust and partnership having contractual relations with any domestic corporation engaged as aforesaid or to which such a domestic corporation may be subsidiary, with any other corporation, association, trust or partnership; and the conduct and practices of any other corporation or any association, trust or partnership in competing or dealing with a domestic corporation engaged as aforesaid.

Said commission may under authority of this resolve investigate the conduct of municipal lighting plants and their relations, contractual or otherwise, with private corporations, or associations, trusts, partnerships or individuals.

The commission has been organized. Senator Frank W. Osborne has been made chairman, and Thomas R. Bateman, member of the lower house, vice-chairman. The two other house members are: Newland H. Holmes of Weymouth and Leo M. Birmingham of Boston. The members appointed by the governor are: Messrs. Lewis Parkhurst of Winchester, Michael J. O'Hara of

Worcester, and Arthur M. Huddell of Chelsea. The commission's offices are in Room 222, State House, Boston. It is seeking criticisms and constructive suggestions from all persons who have given competent study to the subject of regulation considered from the standpoint of sound public policy.



New York Commission Under Way.—As this is being written, the New York Commission on Revision of the Public Service Commissions Law has gotten under way with its public hearings, starting on October 9, at the rooms of the New York City Bar Association. It had, however, collected a wide range of data during the preceding months on practically all phases of regulation. Numerous informal conferences had been held between members of the commission, counsel, and technical staff.

The public hearings started with William A. Prendergast, chairman of the Public Service Commission, on the stand, to explain the scope of present regulation, the organization and procedure of the commission; and to present his ideas in what respects present conditions are unsatisfactory, and what changes should be made in the law and the commission to make regulation more effective and satisfactory. Other members of the Public Service Commission will appear, to give their ideas. Members of the technical staff will be heard on special accounting and engineering phases of the work.

After the testimony from the Public Service Commission has been completed, representatives of the public will be heard for criticisms and suggestions. Invitations to appear have been issued to municipal officers—especially to corporation counsels; to leaders of civic organizations, particularly to utility consumers' associations. Special efforts have been made to have as witnesses the outstanding students and critics of regulation—all those who have made significant contributions to the discussion of regulation considered from the standpoint of sound public policy.

When the public or critical side has been heard, representatives of power and utility companies will appear, to give their ideas of the situation—whether regulation has been satisfactory to them, whether material changes should be made, particularly what control should be established over holding companies, and what modifications may be made to simplify ratemaking procedure

and to avoid constant conflict of interest in proposed rate adjustments.

The Commission expects to make its report to the legislature by January 1, 1930, including a reframed statute incorporating the proposed changes. According to this program, it will have

two and one-half months of high pressure efforts, but its promise is to make a real investigation, to give opportunity for every criticism and idea to be fully presented, and to make its report accordingly on the basis of the facts and expert assistance.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC.,

Required by the Act of Congress of August 24, 1912,

Of NATIONAL MUNICIPAL REVIEW, published monthly at Concord, New Hampshire, for October 1, 1929.

STATE OF NEW YORK, COUNTY OF NEW YORK, SS.

Before me, a notary public, in and for the State and county aforesaid, personally appeared H. W. Dodds, who, having been duly sworn according to law, deposes and says that he is the editor of the NATIONAL MUNICIPAL REVIEW and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, National Municipal League, 261 Broadway, New York, N. Y.

Editor, H. W. Dodds, 261 Broadway, New York, N. Y.

Managing Editor, None.

Business Managers, None.

2. That the owner is: The National Municipal Review is published by the National Municipal League, a voluntary association, incorporated in 1923. The officers of the National Municipal League are: Richard S. Childs, President; Carl H. Pforzheimer, Treasurer; Russell Forbes, Secretary.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

H. W. DODDS,

Editor.

Sworn to and subscribed before me this 30th day of September, 1929.

MARY DONOVAN,

Notary Public.

[SEAL]

(My commission expires March 30, 1931).

MUNICIPAL ACTIVITIES ABROAD

EDITED BY W. E. MOSHER

Director, School of Citizenship and Public Affairs, Syracuse University

Standard Salary Scales.—In 1920 the National Association of Local Government Officials of England initiated a movement for the standardization of salary schedules for various classes of local government officials wherever they might be employed. One of the fruits of this movement has been the preparation of such a scale for medical officers. This grew out of the conferences held at the ministry of health in which representatives of the British Medical Association on the one side and of local authorities on the other participated. Although the ministry of health was not directly represented it has evidently aided and abetted the movement at various points. The recommendations of course assume that the agreement will ultimately receive the sanction of the ministry of health, as its coöperation is essential to the scheme.

Various classes of medical officers are provided for, including resident physicians, superintendents of institutions, deputies and chiefs of the local departments of health, officers in medical hospitals, and the like.

The details of a schedule for what we would call health commissioners, i.e., the head of a local department of health, are to receive minimum salaries ranging from £800 to £1,800 per year according to the population of the area of the department whether it be in a county borough, a metropolitan borough or urban district. The schedule provides minimum salaries for population groups stepping up from 50,000 to 750,000 and exceeding 750,000. According to the schedule there is to be no discrimination because of sex.

A feature worthy of mention is the appointment of an advisory committee which will serve as a kind of board of appeals in connection with the salary or working conditions of any aggrieved official or local authority. This is a large committee consisting of 17 representatives, the chairman of which is appointed by the ministry of health and the other members selected by various associations of governmental organizations and the British Medical Association.

It is proposed that the agreement go into force on the first of April, 1930, and remain in force for five years, and thereafter from year to year.

Such a standard schedule will of course greatly

facilitate the transfer of medical officers from one organization to another.—*Local Government Service*, September, 1929.

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Court of Appeals.—As has been reported in these columns, an industrial court was established in England according to the Act of 1919 for the consideration of appeals arising out of agreements between governmental departments and organizations of employees of the British government. Two recent decisions give one an idea of the operations of this appeals body.

In the one case an appeal was carried to the Industrial Court by the Royal Dockyard Association and the Admiralty. The question was as to the proper salary schedules for draftsmen and examiners of work engaged in the engineering department of the admiralty. A decision was handed down embodying a new scale which became immediately operative.

A second decision has to do with allowances for removal expenses arising from the transfer of offices to or from stations abroad. Differences of opinion have arisen as to whether the same schedule of allowances should be granted as in the case of officers transferred from one place to another in England. The parties to the case were the staff side, that is the employees, of the National Whitley Council, and the administrative side of the National Whitley Council. The court held that the same standards of allowance should be maintained for both groups. It is of some interest that the miscellaneous expenses permitted were to cover such items as the expenses for testing drains and the legal expenses involved in the selling or purchasing of a house.

The findings of the industrial court are final. Its organization and administration are based upon the recognition of the rights of organized public employees and the belief that the employers who are parties to an issue are for that reason not properly qualified to sit as the final arbiters in the case of a conflict of opinion.—*The Whitley Bulletin*, August, 1929.

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Personnel Administration.—Those interested in the problems that may arise in connection with

the progressive policy of personnel administration would do well to consult from time to time the *Whitley Bulletin* which is published by the staff side of the Civil Service National Whitley Council of England. In this monthly bulletin are reported the activities of the staff side and also of the joint committees of the staff and official sides and the decisions of the treasury which, as is well known, is the administrative head of personnel throughout the governmental departments.

The joint general purpose committee, for instance, passed recommendations, according to the report of its meeting held on the 26th of April, with regard to the treatment of civil servants who are suffering from tropical diseases contracted abroad. It also discussed the sick-leave recommendations with reference to full pay during sick leave, promotion, injuries on duty, time off in lieu of over-time payment, shorthand typists' marriage gratuity, and a number of other matters as varied as these in character.

Another joint committee submitted recommendations on subsistence allowances when an officer is away from home on government business for twenty-four hours or more. The allowances provide for a differentiation of rates per night on the basis of the salaries of different classes of officers ranging from those receiving less than \$500 a year to those receiving \$2,750 and above. The standard rate is set for (a) the first three nights, (b) the next four nights, (c) for the first seven nights, (d) for seven to fourteen nights, (e) for fourteen nights and more where one is stationed in the same place. The report points out further that consideration is being given to the matter of subsistence allowances when absence does not extend over night.

The review of the recommendations made since the council has been in operation would indicate the wide range of problems which should be taken into account in enlightened personnel programs, and also the possibility of developing standard policies that may be uniformly applied and that meet with the approval of all concerned.—*The Whitley Bulletin*, July, 1929.



Exchange Officials.—The policy of exchanging university professors, students and secondary school teachers for mutual benefit has been extended to include other public officials. An announcement was recently published by the city secretary of Königsberg in Prussia to the

effect that he was seeking an exchange with similar officials in two industrial cities in the Rhine neighborhood for the period of a half year in each city. His preference is for a position in cities which are equipped with institutions dealing with administration.—*Der Städtetag*, July 23, 1929.



Coöperative Undertakings.—The local governing authorities of Belgium have made an enviable record with respect to industrial undertakings which have been launched and controlled under a broad coöperative scheme. The first of these was the so-called Belgian Communal Credit Company, which was incorporated in 1860. It is a joint stock company, its shares being held by local governing authorities. Its functions are to provide shareholding authorities with long- and short-term loans by issue of bonds to the public. It is non-profit-making. Loans of ordinary people in thirty-three annuities at 5¾ per cent. Security consists of the payments due from the government to municipalities, in the form of receipts from taxes formerly imposed locally. Each authority which takes up such a loan becomes a shareholder. About 94 per cent of the 2,600 and more Belgian Communes are shareholders and most of the others have received short-term loans.

Loans are directly proportioned to the payment of capital.

A similar company was organized in 1885 for the laying and control of local railroads. This enterprise is backed by the treasury which provides 50 per cent of the capital for building new lines. The same company has been authorized since 1924 to run motor buses.

In 1913 a national company was launched for the distribution of drinking water, whose members are the state, the nine provinces and communes. Where necessary the company serves as technical adviser, engineer, manager, and accountant.

Another public company deals in insurance against fire, lightning, and explosions. This type of insurance has won the widespread support of local authorities. It also operates public insurance funds for workmen's compensation, liability and a public pensions fund to enable enterprises to pension workers. The results in 1927 were valued at 1.6 billion francs.

Taken by and large these coöperative undertakings in which the local authorities participate

play a most important part in the economic life of the country.—*The Municipal Journal and Public Works Engineer*, August 23, 1929.



The *Zeitschrift für Kommunalwirtschaft* for August 25, 1929 is devoted to an analysis of the governmental, cultural and industrial conditions in the German medium and small-sized cities. A comprehensive statement is included for thirty-nine different cities of these categories. These statements are prepared largely by burgomasters and members of the magistracy.

This issue is comparable to those which had been brought out by this magazine from time to time dealing both with cities and larger governmental units in Germany. It is invaluable for those who wish to understand the inner workings of public and industrial life from the viewpoint of individual localities.

The first part of the publication is devoted to articles of a more general nature, all of which, however, have to do with smaller cities. The following questions, for instance, are discussed: the problem of metropolitan areas, taxation, welfare and charities, cost of police, training of public officers, balancing of the budget, and the like.—*Zeitschrift für Kommunalwirtschaft*, August 25, 1929.



Grants by Central Government to Local Authorities.—The statistical bureau of the German Empire has recently published a review of the advances made to local authorities to cover deficits for the years 1927–28. It includes local authorities of 10,000 population and more. The total advances amount to 3.7 billion marks as compared with 3.5 billion in 1926–27. Although this indicates an increase there has been a shift in the items included in this survey. This

shift was due to the recovery which Germany had experienced after the crisis of 1925–26. The most satisfactory development has been the decrease in the amount appropriated for unemployment relief. Counterbalancing this are the increases for police and cultural purposes, as well as for housing and street construction.

The largest single item of increase is for the building of streets and roads, which amounts to 121 million marks. A part of this is chargeable to the account of supplying work for the unemployed.

The above figures warrant the assumption that the tide has turned and that the German communes may look forward to more satisfactory financial conditions as time goes on.—*Zeitschrift für Kommunalwirtschaft*, August 10, 1929.



Superannuation.—Since the passing of the Local Government Superannuation Act in 1922, the British minister of health has approved the adoption of this scheme in the case of 196 local authorities. These include county councils, metropolitan borough councils, urban district councils and other authorities of this character.

The total number of officers and servants that now come within the act is 110,700, and the estimated cost per annum to the various authorities is approximately six and a half million dollars. It is predicted that within a few years there will be very few authorities that have not adopted this scheme. The benefits derived from it are not alone ethical in character, but by the appointment and promotion of juniors at a lower scale of remuneration it is supposed that monetary savings are realized. A further advantage is that considerable sums are made available for the purpose of capital financing to local authorities.—*The Municipal Journal and Public Works Engineer*, September 20, 1929.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY RUSSELL FORBES

Secretary

Recent Reports by Research Agencies.—The following reports have been received at the central library of the Association since September 1, 1929:

Finance Commission of the City of Boston:

Reports and Communications, vol. xxiv.

Des Moines Bureau of Municipal Research:

Care of Indigent Families in Quarantine.



Eighteenth Annual Meeting.—The eighteenth annual meeting of the Governmental Research Association will be held at the Stevens Hotel, Chicago, November 12, 13, and 14. This year's meeting will be known as the National Conference on Improving Government and, as in several previous years, will be a joint meeting with the National Municipal League and the National Association of Civic Secretaries. Each member of the Association has already received a copy of the advance program.

Arrangements have been made for reduced convention fare provided 150 delegates attend the convention. When buying your ticket, make sure to secure a special certificate which will entitle you to one-half fare on your return trip, if more than 150 are present at the meeting.



Citizens' Research Institute of Canada.—The survey of the Hamilton general hospital has been completed and the report thereon has been presented to the mayor of Hamilton. In making this survey, the director was associated with Dr. Haywood of Montreal and Dr. Walsh of Chicago.

The director leaves on October 19 to act as chairman of the commission which has been appointed by the Vancouver, B. C., city council, to report on the classification and standardization of civic positions and rates of pay in that city.

The annual convention of the Canadian Tax Conference was held this year in Montreal on October 17 and 18.

A study has been made of the amount of taxation collected by all governments in Canada—municipal, provincial and federal—during the period 1922–27, and the relation of the yearly net production of the country from all sources thereto. This shows that provincial taxation has increased faster than either federal or municipal; but that, on account of the more rapidly increased rate of net production, the percentage of net production which taxation has consumed in these years gradually decreased from 20 to 17.26 per cent.



Cincinnati Bureau of Governmental Research.—In connection with the Cincinnati plan of programming public improvements, which the Bureau helped to initiate several years ago, the annual financial analysis was again prepared by the Bureau. This analysis involves a study of expenditures and revenues for city, county, and school district, and a prediction for the next five years. It is used by the joint improvement committee in determining the amount and financial effect of its improvement program.

Water Department.—A new system of billing for the bureau of collections has been recommended to the city government. This system, which conforms to modern public utility practice and involves the use of modern mechanical equipment, will save the city government many thousands of dollars annually if adopted.

Cost Systems.—At the request of the city government, cost systems are being installed in several of the municipal departments. The system has been completed for the municipal garage, and work is now under way in the departments of sewers and highways.

County Tax Billing.—The Bureau has now under discussion with the county auditor and the county treasurer a modern, mechanical system of billing and collecting taxes, which if adopted should greatly expedite present procedure and save considerable money. Conferences have been held with state officials who are also interested in this matter.

Manual of Legislative Procedure.—Some months ago a proposed legislative procedure for improvements was suggested to council in a Bureau report. Recently the Bureau has coöperated with officials in translating this recommendation into a printed manual, which has been adopted by the city council, and covers the procedure in all matters that come before council.

Misdemeanor Study.—In coöperation with the Cincinnati Association, a study has been made of eleven thousand misdemeanor cases from the viewpoint of kind of crime, social factors, court disposition, etc. This study has aroused considerable local interest in the whole subject of criminal justice. It was made possible through the new police record system previously installed by the Bureau.

County Sinking Fund.—At the request of the county sinking fund commission, the sinking fund was valued and the procedure examined. This study indicated that because of a surplus no further levies for the sinking fund were required. Recommendations as to new forms and records have also been adopted.

Regional Police Survey.—At the request of Cincinnati and several surrounding municipalities, a regional police survey will soon be initiated. This survey will particularly emphasize the factors of intercommunication, uniformity, and exchange of records.

Public Welfare.—The city and county governments as well as local welfare organizations have requested the Bureau to make a complete survey of welfare, health, hospitals and recreation, in Hamilton County. This study will be particularly concerned with the distribution of functions as between the various governmental units and the private agencies, and will also attempt to formulate future programs for these various activities.

Public School System.—For some months the Bureau has been engaged in a survey of the business administration of the public school system and is about to make recommendations to the board of education. More recently discussions have been held relative to the extension of the survey to include the educational side of the system.



New Mexico Taxpayers' Association.—The director of the Association has just completed a check of the budgets for all state institutions

and all state departments for the present fiscal year ending June 30, 1930. This work has been done at the request of the governor. The reports rendered to the governor contain complete financial statements of receipts and expenditures for the past fiscal year as well as budget estimates for the current year. From these various statements a compilation is being made by the Taxpayers' Association which will show comprehensively the cost of government for the state and its institutions and departments.



The Ohio Institute.—In view of the proposed constitutional amendment on taxation, an analytical and critical study was made of the general property tax, which is the backbone of the existing system in Ohio. The study was intended to serve the following purposes:

To summarize the existing provisions of law and to comment on the defects of principle reflected therein.

To describe the existing administrative machinery provided by law and to comment on its shortcomings.

To present such data as are available indicating the extent to which the several kinds of property are reached under existing methods; from which may be inferred the degree of effectiveness of present methods and what possibilities may be expected if a change is made.

Whether the amendment is adopted or not, it is believed that such a study will be useful as a guide to next steps. The study will probably be published in a limited edition for distribution among those technically interested.



Schenectady Bureau of Municipal Research.—The Bureau has been a very active factor in the preparation of the 1930 city budget. The board of estimate of the city was invited to a meeting with the director and staff of the Bureau and was, at that time, requested to place all present surplus and all anticipated income in the budget. As a result of the stand taken by the Bureau on this highly important feature of budget procedure, the estimate board coöperated in raising the income side of the 1930 budget \$478,000 over that of the printed 1929 budget. The result of this action has been to place all surplus in the budget, and the tax rate will be correspondingly reduced. The Bureau suggested that a contingent fund be set up in the budget to care for emergencies, and this sug-

gestion was carried out. It had been the custom in the past to rely heavily upon the surplus fund to care for emergencies, but it was felt that good budgeting demanded the inclusion of all income in the annual estimate. Since there will be no surplus to draw upon next year, it is expected that department heads who have been over-expending consistently will be more careful inasmuch as requests for additional funds will receive wide publicity on the floor of the common council. Local newspaper comment has been highly commendatory of the Bureau for its activity in this matter.

The estimate board made extensive use of the civil service salary study in the preparation of the salary items in the new budget. This Bureau study tabulated the salaries of all city employees, with the percentages of increase, over a ten-year period.

The forecastings of departmental expenditures made in the long-term financial program were also utilized by the estimate board in making up the budget.

The Bureau has prepared a bulletin on the 1930 budget which will be distributed to members and taxpayers prior to the final action of the common council on the estimates submitted to them. This bulletin, which is intended to popularize the budget, will contain a picture of the gross appropriations by functions, a summary of the trends of gross and net budgets for the past five years, a tentative tax-rate statement, and also a detailed analysis of the various departmental expenditures.

Harry H. Freeman, director of the Buffalo Bureau of Municipal Research, has accepted an invitation to make the principal address at the annual fall dinner of the Bureau. At this meeting, the president and the managing director of the Bureau will report on the accomplishments and future plans of the organization. It is expected that this will be a civic event of outstanding importance.

A permanent membership solicitor has just been appointed to the staff of the Bureau, and he will confine his attention to the expansion of our membership. The Bureau now has over 650 members.



Toronto Bureau of Municipal Research.—A study has been conducted of the existing organization of the city government, covering not only the operation of the city departments, but that of the board of education, and other outside boards. A chart of the civic government, based upon the information collected, has been prepared. Another chart is being prepared showing changes which, in the Bureau's opinion, would make for better organization.

A great deal of information has been collected regarding motor accidents and the damage and suffering resultant therefrom. A series of reports is being prepared dealing with the subject and containing suggestions for the improvement of Canadian motor vehicle laws.

The director is engaged in a survey of the hospital for incurables of Toronto.

NOTES AND EVENTS

EDITED BY H. W. DODDS

Detroit's Mayoralty Primary and Defeated Charter Amendments.—Nonpartisan Detroit with an honest election system, small council elected at large, and other symbols of political emancipation, proved October 8 at the biennial municipal primary that the voting public insists on having some kind of a political campaign and some kind of public performance by candidates, no matter what may be the record of achievement behind any candidate.

John C. Lodge, elected mayor two years ago, ran a close third in the nomination primary being defeated by his chief competitor of 1927, John W. Smith, and by Charles Bowles, a former but unsuccessful mayoralty candidate, who ran second. Out of more than 400,000 registered voters a total of 173,000 voted, giving Smith, 71,417; Bowles, 53,222; and Lodge, 48,420. During his many years of service as councilman, acting mayor and mayor, Mr. Lodge had never made an active political campaign, always pointing to his record in public service as his platform and particularly declining to issue statements or make speeches on the ground that campaign ballyhoo, personalities, and mud-slinging were beneath the dignity of an efficient, municipal administrator.

Both Smith and Bowles made vigorous campaigns, addressing hundreds of meetings. Lodge was supported editorially by the *Free Press* and *News*, while the *Times* was silent, except in its news columns. All three daily papers reported the two campaigning candidates rather generously. A citizens' committee, which circulated Mr. Lodge's petitions and drafted him again as a candidate, put forth a little advertising at the eleventh hour. Henry Ford and the Citizens' League also supported Lodge.

Special significance attaches to the primary result in Detroit because Lodge represented the coldly administrative efficiency of a wholly nonpartisan candidate, while Smith and Bowles are factors respectively in two opposing political camps whose influence reaches out into state and national politics of Republican variety. The election of either Smith or Bowles, November 5, will mean much aid and comfort to Republican factions who have plans formed with reference

to the next gubernatorial election and the election of a United States senator to succeed James Couzens. It is a case where the nonpolitical, nonpartisan group suffered defeat at the hands of men who were closely organized, well-financed, and conducted vigorous campaigns.

At the same election, by a two to one majority, Detroiters defeated a series of charter amendments which would have turned the city back to a ward system with fifteen councilmen and a budget procedure of so experimental a nature as to have merited general condemnation by business and civic organizations, and by all three newspapers, as well as most candidates for the primary.

W. P. LOVETT.

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Wisconsin Adopts Centralized Purchasing.—The state of Wisconsin has now adopted centralized purchasing. On September 6, Governor Walter J. Kohler signed a law (chapter 468, laws of 1929) which established a bureau of purchases in the executive department. The bureau is supervised by the director of purchases, the governor's appointee.

To this bureau is assigned the task of purchasing all supplies, materials, equipment and contractual services required for use by all departments, institutions, boards and commissions of the state government, including the University of Wisconsin. "Cement, machinery and other materials and supplies needed for the improvement or maintenance of highways and streets, paid for in whole or in part with state funds," are to be bought by the bureau of purchases. By thus consolidating the buying function for all state institutions, the state university, and the state highway commission, Wisconsin has gone much farther than most states against the usual arguments that such agencies should be allowed to buy separately and independently. The bureau of purchases is vested with all buying power formerly exercised by the state printing board, the superintendent of public property, and the state board of control.

The new Wisconsin statute wisely permits the administration of the purchasing bureau by

"administrative law." The details of purchasing procedure are to be formulated, and amended from time to time, by the advisory council of the executive department, consisting of the governor, the director of the budget, the director of personnel, the state chief engineer and any others whom the governor may designate. The purchasing policy of the state can thus be kept flexible and subject to needed changes, without statutory amendment.

The law is also to be commended for permitting the director of purchases to formulate standard specifications, to determine the amount of surety to be submitted with bids, and to enter into sliding-scale, flexible and long-term contracts. All of these provisions are essential to up-to-date purchasing technique. The law is unique in requiring all contracts to provide for the arbitration of disputes between the state and the contractor.

It is to be regretted that the law did not prescribe any experience qualification for the director of purchases. No criticism can be made of Governor Kohler's appointment of F. X. Ritger, formerly purchasing agent of the University of Wisconsin, as the first incumbent in the position; but some succeeding administration may fill the position with a political appointee.

The Wisconsin law is one of the best purchasing laws now effective in this country. It is based on a manuscript prepared by a special committee of the Milwaukee Association of Purchasing Agents and by the writer. Joseph W. Nicholson, city purchasing agent of Milwaukee, and Harold L. Henderson, special aide to the governor and formerly director of the Milwaukee Citizens' Bureau, are entitled to great credit for steering this law through the legislative mill.

RUSSELL FORBES.



Court Decision on Purchasing Law.—Does the term "supplies" include or exclude materials and equipment? This was the issue confronting the Supreme Court of Oneida County, New York, in the case of *McLuney Motor Company v. Pringle*. The decision of Justice Miller, recently handed down, is of paramount importance to the interpretation of purchasing laws.

In May, 1921, the board of supervisors of Oneida County created a purchasing department under the provisions of article 12-B of the County Law. This general law gave any county purchasing agent, appointed in accordance there-

with, the authority to "make all purchases, and all contracts for *supplies, of every nature*, for the county" or any agency thereof. The purchasing agent of Oneida County had, since 1921 and until January 16, 1929, been permitted to do all the buying for the entire county government. On the latter date, the board of supervisors directed its clerk to purchase an automobile for the overseer of snow removal, thus ignoring the county purchasing agent in the transaction.

In its decision, the court reviewed the special laws enacted by the legislature prior to 1921 by which certain counties of New York had established purchasing departments, and concluded that the word "supplies" was not used by the legislature in a narrow or restricted sense. The court also took cognizance of the fact that the board of supervisors of Oneida County had also so interpreted the general law of 1921 until the instant case arose in January of this year. This important and clear-cut decision by Justice Miller concludes as follows:

Considering the language employed in article 12-B of the County Law, the purposes for which it was adopted, the special laws that preceded its enactment and the construction given it by the board, leads me to the conclusion that the Legislature did not intend to use the word "supplies" in a narrow and restricted sense, but rather to vest the purchasing agent with the power to make purchases of all kinds, including equipment of every character.

RUSSELL FORBES.



London Squares.—Readers of the REVIEW will recall the movement begun two years ago to save the London squares for the people. There are more than four hundred of these open spaces in the city of brick and mortar. The majority of them are held in private ownership as gardens for the use of the residents of the surrounding houses. In recent years, however, a tendency has appeared to build upon them, now that the land is valuable for the purpose. At the request of the London County Council a royal commission on London squares was appointed to investigate whether or not these little parks could be preserved for the people.

The report of the commission was published a year ago and it is now understood that the government is willing to introduce a bill to preserve the squares. The commission recommended that all enclosures except five should be permanently kept as open spaces. A moot question was

whether the owners of the squares should be compensated for the deprival of the right to build upon them. A minority of the commission held that the owners have no just claim to compensation, but the majority maintained that compensation should be paid. The chief valuer of the board of inland revenue estimates that the maximum amount of compensation properly payable to the owners does not exceed £600,000.

✱

Merit System Reported a Farce in Cuyahoga County.—After an exhaustive study of the administration of the merit system in Cuyahoga County, the Citizens' League of Cleveland reports that the city commission, which administers civil service in the county, has turned it into a farce. Specific charges are that although the commission has been in charge of the county service for four years, less than half the service is on a formal merit basis; that mismarking of papers and totally unfair ratings of answers have taken place in many examinations; that too many temporary appointments are allowed and permitted to continue in violation of law; that payrolls are not seriously checked; and that the commission has continually winked at political activity to the embarrassment of honest public officials. The facts are developed in the September 25 issue of *Greater Cleveland*, published by the Citizens' League.

✱

The Irish Free State appears to be moving rapidly for the betterment of municipal life and government. The town-planning bill which has been introduced into the Free State legislature by Senator Johnson follows generally the English Town-Planning Act of 1925. One provision empowers the local authority to order the removal of any offending advertisement where the amenity of any district or public or private open space is injured by the display of such advertisement.

Another evidence of activity relates to the creation of Greater Dublin, a bill for which is to be introduced when the Dáil is next in session. It extends the so-called borough form of government to Greater Dublin and applies the principle of city management to municipal administration. In other words, the government which is proving successful for Cork is to be applied to Dublin. The *Irish Statesman* expresses gratitude "that the Greater Dublin is to be guarded against the evils of a muddled application of the demo-

cratic idea." It approves the proposals for Greater Dublin as "a right proportion of democratic influence and independent business management."

The same paper pays credit to Mr. John J. Horgan for the introduction of manager government in Cork. Mr. Horgan will be remembered as a contributor to the *REVIEW*, his latest article having appeared in May, 1929, on "The Cork City Manager Plan."

✱

St. Paul Considers Council-Manager Charter.—On November 5 the people of St. Paul vote on a council-manager charter submitted by the charter commission after two years' work. According to the charter, the council would number ten members elected at large, five to be chosen every two years for four-year terms. The mayor would be elected every two years, with a salary of \$5,000. The council would appoint the city manager, who would in turn select and remove all directors and heads of departments, unless the charter specifically provided to the contrary. The mayor would appoint the board of education and the city planning commission, and would possess a limited veto power.

The adoption of the charter will not only add St. Paul to the formidable list of large cities operating under the manager plan, but will mark a severance of school administration from that of the city proper. By providing that the school board shall be appointed by the mayor, the city will fall in line with more generally accepted practice. As we go to press it is impossible to forecast the result of the election.

✱

Local Elections in England.—On November 1 the election of one-third of the councillors of 83 county boroughs and of nearly 260 non-county boroughs in England and Wales took place. In the campaign which preceded the election the Labor Party made special efforts to capture wherever possible the machinery of local government. English newspapers conceded the Labor Party to be a more efficient fighting organization than its Conservative opponent. American textbooks on municipal government to the contrary notwithstanding, municipal elections in many of the larger cities and towns in England are now fought on party lines, and help and advice from headquarters is always forthcoming when desired.

Candidates Promise to Surrender Salaries to Employ City Manager.—Four aspirants to the position of city commissioner in Covington, Kentucky, have agreed that if they are elected they will each devote three thousand dollars of their salary to the employment of a city manager. While undoubtedly this plan means an improvement in the administration of the city, it is much less satisfactory than thoroughgoing charter amendment. Other cities have followed the same method, only to discover that when a new commission enters office it wants the full salary for itself. When that day comes the manager plan promptly falls by the wayside.

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Fall River, Massachusetts, with a population of 135,000, boasts a floating debt of almost \$6,500,000. In reply to a suggestion that the city fund its inherited floating debt in the form of five-year serial bonds, the mayor intimates that such a course would only enable some other administration to borrow more money. When a city becomes the slave of an uncontrollable appetite for incurring unmanageable floating debts, the time for the state to exercise disciplinary control has arrived.

The School of Citizenship and Public Administration of the University of Southern California reports a successful summer short course in public administration and the opening of the fall term of regular campus classes leading to the degree of master of science in public administration. In the spring quarter of last year, more than 160 persons engaged in public work during the day were enrolled in late afternoon and evening classes at the civic center division of the school.

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Veteran Preference Again Up in New York.—On November 5 for the second time the voters of New York state will be called upon to act on the adoption of an amendment to the state constitution extending to veterans preference to the civil service of the state and the cities. A similar amendment was defeated in 1921 by a majority of almost 400,000 votes.

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The Sixteenth National Recreation Congress was held in Louisville, October 14-19, under the auspices of the Playground and Recreation Association of America. The program topics centered around the problem of leadership in recreation.